

Dr. K.B. KRISHNA

selected writings

VOLUME 3

Studies in Imperialism

Plan for Economic Development of India

Second World War and Industrialisation of India.

Dr. K.B. KRISHNA

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STUDIES IN IMPERIALISM

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ESSAY I

AN INTRODUCTION TO THE STUDY OF IMPERIALISM

"I am not afraid of Marxism, but of Marxes"

A

Any study of Marxism must be set in a background of two dynamic forces. The first is Dialectics. The second is integration of scientific knowledge. The second is not an independent factor but rather a corollary to the first. Dialectics is the theoretical foundation of Marxism- Leninism. As such any topic that we discuss at our groups, must have its limitations in Nature and History. We should not try to set up a dogma, a fixed, eternal rule. As objective conditions change, as the specific social weight of the progressive social force changes, so does the adaptation of society to the conditions of existence change. Hence 'Imperialism' the topic we are discussing tonight - should not be discussed in any dogmatic way. In 1846. (Marx wrote:) "Communism means to us not a state of things that is to be established, not an ideal, into which reality is to be fitted. To us communism is an actual movement, that is destroying the present state of things. The state of that movement is determined from day to day by the prevailing objective conditions at the given time and place."

Marxism does not give out ready-made formulas to be learned by heart and to be applied as a cure under all and variegated conditions of time and place without any further ado. The theory of Marxism is not a dogma but a guide to action. It is not based on ideas discovered or established by this or that universal reformer. It represents merely a general formulation of the actual conditions surrounding the

contemporary struggle of classes, the historically significant movement that is taking place before our very eyes. Stalin wisely insisted upon this point. He says: "There is such a thing as dogmatic Marxism and creative Marxism. I stand on the latter ground." He further defined Leninism in this way: "The whole truth is that Leninism is not merely a revival of Marxism but is a step forward. Leninism is a development of Marxism adapting it to the new conditions of capitalism and to the class struggle of the proletariat".¹

The theory of Imperialism did not receive much attention in the hands of Marx and Engels although the materials by which we formulate our theory of Imperialism are found in 'Capital'. Marx and Engels lived in a pre-revolutionary period when imperialism was still in an embryonic condition, when the workers were only preparing for the revolution, when the proletarian revolution had not yet become an immediate practical necessity. Lenin, the disciple of Marx and Engels lived in a period of fully developed imperialism; in a period when the proletarian revolution had already triumphed in one country, had made an end of bourgeois democracy and had begun the era of soviets. Theories arise out of the conditions around us. They are expressions of the epoch in which we live. Imperialism is a phenomenon of our day beginning with the latter part of the nineteenth century. That is why Lenin, Stalin, Bukharin, Pavlovitch and others took to the study of imperialism, during this epoch.

Lenin wrote his "Imperialism" in 1916. Bukharin wrote his "Imperialism and World Economy" in 1915. It was first published in 1917, to which Lenin contributed an introduction in 1915. Pavlovitch delivered his lectures on "The Foundations of Imperialist Policy" in 1918. They were first published in English in 1922. Stalin made references to Imperialism in 1924 in his book on "Leninism". Recently we have the "Anti-Imperialist League". We have Safarov who recently published a book in Russian on "The Problems of the National Colonial

Revolution." The object of this chronological data is this. It is just to emphasis the fact that the theories of Imperialism arose during the imperialist wars of 1914. Like true dialecticians we have to take into consideration the phases of the period that elapsed between 1914 and 1932. That is why I insist that the theory of imperialism should be studied in a background of Dialectics and integration of Scientific knowledge.

B

A spectre is haunting our modern society-the spectre of capitalism. In spite of its splendid achievements² it has brought in its train several historic social contradictions. Today it is like a mighty giant striding through the land treading down all that stands in its path. It is destroying both nature and man³. Its domain is now coeval with society at large.⁴ It has substituted naked, shameless, direct, brutal exploitation.⁵ It has enslaved a major part of the world through colonies, mandates and spheres of influence. It has willed the colonials to the acceptance of the social order through middle class liberal militarist reformism. But nature and history pursue their relentless course. The irreconcilability of interest between industrial and backward regions under the existing social order is a major contradiction of our modern society. Capitalism is engulfing the world into crises⁶. It caused the financial collapse in England, the present depression in America, the imperialist war in China, the ruthless repression in India. Middle class economists, to speak not of communists are alarmed at the growing anarchy of capitalist economy. Tawney foreshadowed it in his "Acquisitive Society". The learned Webbs have immortalised the decay of capitalism not too long ago. Ilin gave us a brilliant picture of the waste of capitalism. Stuart Chase calls the American prosperity a myth. Donham calls it an illusion.⁷ Justice Brandeis⁸ told the same tale in his recent dissenting opinion. Misery is widespread in a time, not of scarcity, but of overabundance. In the midst of plethoric plenty, people die, wealth

accumulates, men decay. In order to understand this phase, we have to understand the theory of imperialism. Herein lies its importance.

Stalin defines Leninism as the Marxism of the epoch of imperialism.⁹ It has its roots in this epoch. Consequently it is necessary to study this epoch and its contradictions. As is well known, Lenin characterised present day capitalism as capitalism which "has grown to be a world embracing system of the colonial oppression and financial strangling of the gigantic majority of the population of the world by a handful of "leading countries". At the second congress of the communist International, Lenin pointed out that "all the basic contradictions of capitalism, of imperialism, all the basic contradictions in the working class movement are found in our epoch of imperialism. He spoke of imperialism as "capitalism on its death-bed. because imperialism carries the conflicts inherent in capitalism to their farthest limits beyond which the revolution begins. What are those contradictions? I will mention them briefly as I have to explain them again when coming to the theories of imperialism: The contradictions according to Stalin are.¹⁰

I. Imperialism means the omnipotence of monopolist trusts and syndicates, of banks and the financial oligarchy in industrial countries. It means conflict between labour and capital.

II. Imperialism is the export of capital to the sources of raw material; a pitiless struggle for monopolist ownership of these sources, a fight for the redistribution of the spoils in a world which has already been shared out; a fight which is waged with especial savagery by new financial groups and powers seeking "a place in the sun" against old established groups and powers retaining a firm grip on their acquisitions.

III. Imperialism means the most shameless exploitation and the most inhuman oppression of the hundreds of millions who comprise

the population of the colonies and dependencies. That is why we should study Imperialism.

There is another reason why we should study imperialism. The imperialist epoch inevitably confronts us with the problem of colonial revolution. This problem is not raised in any accidental fashion. As Lenin pointed out, the imperialist epoch evokes, on the one hand, the most widespread and universal oppression of the colonies and expansion of financial robbery. On the other hand, the imperialist epoch "must give rise to and promote the policy of struggle against national oppression and the struggle of the proletariat against the bourgeoisie and consequently also the possibility and inevitability, firstly, of revolutionary national insurrections and wars, secondly, of wars and risings of the proletariat against the bourgeoisie and thirdly, of a union of both forms of revolutionary wars."¹¹

Lenin's contribution to this question is excellent. The new contribution of Lenin in this sphere consists in the fact that;

a) he brought the ideas of Marx and Engels on this question together into a harmonious system of views on the national-colonial revolutions in the epoch of imperialism,

b) he linked the national colonial question with the question of overthrow of imperialism.

c) he declared the national – colonial question as a constituent part, of the general question of the International proletarian Revolution¹².

This theory is important in another way as Stalin pointed out "Independence" is not a gift.¹³ I wish some of my Indian comrades will study this "Theory of Independence".

It has been said that revolutions do not arise in backward countries. The basic fallacy of this argument is refuted by Marxians

in their theory of imperialism. As I said before, all the basic contradictions of capitalism are found in agrarian and backward countries. That is why revolution occurred in Russia. A parallel can be drawn in the case of India¹⁴.

There is another reason why we should study imperialism : Imperialism is the immediate forerunner of the socialist revolution. How? I will explain as briefly as I can in the words of Stalin. More of it will be discussed later.

There, theory of the proletarian revolution is based on three fundamental theses:

1. a) The dominion of financial capital in countries of advanced capitalist development; b) the issue of stocks and bonds, as the chief activity of financial capital; c) the export of capital to the sources of raw material, this being one of the main foundations of imperialism; d) omnipotence of the financial oligarchy as a result of the rule of financial capital- all these circumstances disclose the intensely parasitic character of monopolist capital, make the yoke of the capitalist trusts and syndicates a hundred times more intolerable, intensify the workers' indignation and spur the masses on toward the proletarian revolution as their only means of deliverance.

2. Increasing export of capital to colonies and dependencies; a widening of "spheres of influence" and colonisation until all the land in the world has been grabbed; all these changes transformed separate economies of national areas into a unified system of 'world economy' and divided the world into two camps – capitalist and colonial. Therefore, the latter are compelled to struggle for freedom from imperialist yoke.

3. Monopolist rule over "spheres of influence" and colonies; differences in the degree of capitalist development attained by various countries with the result that there is a fierce struggle between the countries that have secured and those that would like to secure a

large “share of the spoils”; Imperialist wars as the only means of readjusting the balance of securing the redistribution desired by the countries that are excluded from “a place in the sun”. All these influences cooperate in leading to the accumulation of tensions on the intercapitalist front, thus weakening the imperialist forces and promoting a union between the proletarian and the colonial fronts for the fight against imperialism.

All the foregoing inferences are unified and generalised by Lenin in the conclusion that “imperialism is the immediate forerunner of the socialist Revolution.”¹⁵

Imperialism is connected with the international system of the imperialist states. I will explain this later when I venture to suggest a synthetic theory of Imperialism. At present, there are three institutions in the world. They are the League of Nations and its satellites at Geneva, the British Commonwealth of Nations, the British Empire at Westminster, and U.S.S.R. at Moscow. Today imperialism is a policy of the international system of imperialist states, against U.S.S.R. Hence we have to study the structure and theory of these imperialist states. As Bukharin puts it, imperialism is not only a policy but also an ideology. Lastly we have to study imperialism because war is an inherent necessity of our economic structure.¹⁶ Disarmament is an empty phrase. There can be no disarmament, until the whole capitalistic order is replaced by a cooperative commonwealth. War is an attempt of escape out of the morass of capitalism. If we want to abolish the institution, we must abolish the causes, the conditions that create war. The anarchy of sovereign states must be replaced by the harmony of federal autonomous states under a single directive agency. All sources of production, distribution and consumption must be controlled. This whole thing is impossible in a capitalist order. This systematic planning is only possible in a socialist background. These are the reasons why we should study imperialism.

Before I begin to discuss the theories of imperialism, I suggest to the members to study these two topics, namely:-

1. The theory of independence or the theory of national-colonial revolution.

2. International system of imperialist states in the light of Marxism-Leninism.

These topics throw a great deal of light on the theory of Imperialism.

C

As I have stated in the introduction, theory of imperialism should take into consideration the time elapsed since Lenin, Bukharin and Stalin wrote. As Marx wrote, Hegelianwise, that theory is conditioned by an epoch. We are passing today through an international system of imperialist states. Whether the framework of world economy, all the imperialist powers are connected with one another, both by general participation in the exploitation of the colonies and semi-colonies and through mutual imperialist contradictions. World imperialism is entangled and eaten into by the basic irremovable contradictions following from the division of the world into a small financial oligarchy of so-called leading nations and the backward, numerically far larger oppressed majority of mankind. We have two systems at present competing for power. The one is the Soviet system. The other is the international system of imperialist states. They have gone through various phases. They experienced crises in the years following the war. They gained temporary power again. This period is what is called by Stalin temporary stabilisation of capitalism. Today it is passing through a state of crisis again. All these stages are but a preparation for the progressive decay of capitalism. We have two rival institutions – Moscow and Geneva. All the contradictions of imperialism cannot take root in Russia. Hence the present international system is opposed to Russia.

The temporary stabilisation of capitalism, as Stalin says, found concrete practical expression in four ways.

1. The first is the question of reparations. The "Dawes Plan" and the "Young Plan" are familiar to you. This was brought about without consulting the German people. This has inaugurated a two-fold oppression of the German nation, oppression by its own bourgeoisie and oppression by alien bourgeoisie.

2. The second way in which the stabilisation of capitalism has found concrete expression is in the fact that British, American and Japanese capitalists have temporarily come to an agreement as to the allotment of their spheres of influence in China and as to the best methods for exploitation of that vast field for the investment of international capital.

Look at the recent imperialist war of Japan in China. The war against the Chinese people in Manchuria has its roots in the imperialist drive for increased colonial exploitation as a way out of the crisis and as a method for achieving supremacy in their mutual struggles. So says Trotsky. The Japanese war expedition into Manchuria is a new experiment at breaking the deadlock of capitalism by violence, military expeditions, intervention, imperialist slaughter.

3. The imperialist groups of more advanced countries have agreed for the time being not to interfere in the exploitation and oppression of their respective colonial possessions. This is known as the bourgeois reformist concession policy. It is at present being tried in India. The recent Royal Commission on Labor and Constitutional Concessions are of that nature.

4. The last is an attack on Soviet Russia. This is seen in Locarno treaties, in forging of letters, and in non-recognition of Russia. If the Dawes Plan is pregnant with the German revolution, Locarno is pregnant with European war.

While capitalism is swaying to and fro, Soviet Russia is undergoing a steady stabilisation of socialism. In the present epoch the national colonial movement does not develop in isolation but in the closest mutual interaction with the struggle and upbuilding of the first socialist state in history. Thus the very existence of the Soviet Union carries with it the consequence that with the aid of the Soviet Union there arises the immediate linking up of the struggle of the revolutionary proletariat of the leading countries against their own bourgeoisie with the struggle for the revolutionary emancipation of the colonies and semi-colonies. The Soviet Union represents in the most immediate material and strategic sense the key uniting link between the proletarian socialist revolution and the revolutions of the colonial peoples.

In developing its socialist structure, the Soviet Union at the same time develops as the direct counterpoise to the international system of the imperialist states. The struggle of imperialism against the U.S.S.R. strengthens its own internal contradictions, strengthens and hastens the union of the revolutionary proletariat, peasant and national-revolutionary movements around the U.S.S.R. The world is divided into two unequal parts and the Soviet wedge is driving its way into this breach in the international system of the imperialist states, thereby creating on an international scale an international counterpoise to imperialism.

In the conflict between these two world systems - capitalism and socialism - are diametrically opposed in principle the second and Amsterdam Internationals are definitely on the side of capitalism in the work of preparing for the intervention. The French have already created a number of political and military alliances for the purpose of encircling the U.S.S.R. with Poland, Rumania, Finland. The same aim of encircling the U.S.S.R. is pursued in the Pan-Europe scheme and also in the plans for coalition of the so-called agrarian countries of

South-Eastern Europe, like Rumania, Hungary, Yugo-Slavia, and Bulgaria.

Besides war preparations, there has been organised an economic war against the U.S.S.R. One wave of slanderous campaigns regularly succeeds another. The campaign against the alleged abduction of General Koutepov was followed by the campaign against the alleged "religious persecution" in the U.S.S.R. This was followed by the campaign against "dumping" and soon after by the most stupid and infamous of all the campaigns, the campaign conducted by the exploiters of wage slaves against free socialist labour under the pretext of combating "forced labour" in the U.S.S.R. One has to read Molotov, Litvinoff for an effective denial of these charges. The leading capitalist groups of the principal imperialist groups are openly proclaiming the slogan of the International organisation of economic war, the slogan of breaking relations with the U.S.S.R. In this criminal work for the organisation of the economic blockade and the preparation for military intervention against the U.S.S.R., the second international and the social democratic parties play a direct and leading role for which they bear full responsibility. These socialist and social democratic parties who participated in previous armed interventions against the U.S.S.R., have been completely transformed into the most important instruments of the imperialist bourgeoisie for the ideological and political preparation of the blockade and the counter-revolutionary war, against the U. S.S.R. As Stekloff¹⁷ puts it, the Second International has become a perfect medium for the pure culture of the bacillus of class collaboration. Nor have the parties of social fascism to be exonerated. Hence conflict is inevitable between the two camps of capitalism and socialism. Therefore, we may **define imperialism, in a synthetic way as the policy, historic category, or ideology, of the international system of imperialist states against U.S.S.R.**

Reference:

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2. Karl Marx and F. Engles, "Manifesto of the Communist Party", 1888, p.9. Werner Sombart, "The Quint Essence of Capitalism", translated by M. Epstein, 1915, p. 358
3. Sombart, op.cit., p. 357
4. Manifesto. op. cit., p.10
5. Ibid., p.9, R.Broda et Jul Deutsch, "Le Proletariat International", 1912, p.1.
6. N. Bukharin, Imperialism and World Economy, p. 104.
7. W.B.Donham, "Business Adrift", 1931. pp.34
8. New State Ice Co.vs. Liebmann, p.21
9. Stalin, "Leninism", p.13.
10. Stalin, "Leninism", p.81
11. Lenin, "The War Programme of the Proletarian Revolution", Works, Russian Edition; Vol.19,p.325, quoted by Safarov.
12. Stalin, "Conversation with the first American Worker's Delegation".
13. Stalin, "Leninism", p.277
14. I will work this out in the paper on "Theory of Independence."
15. Stalin, "Leninism", p.98-99.
16. Stalin, "Leninism", 99
17. G.M.Stekloff, "History of the First International", 1928.p.370

ESSAY II

INDIA'S ROLE IN BRITISH IMPERIALISM

I

De Tocqueville once remarked that the conquest and government of India are really the achievements which have given England her place in the opinion of the world.¹ India is the foundation of that Imperial edifice – the British Empire. The question of Imperialism is peculiarly a question of India.² The most far-reaching enterprise of modern Imperialism developed in India.³ India may in fact be regarded as the centre or pivot of Britain's Empire in the East.⁴ It is the fulcrum of Asia, says Letland. It is the brightest jewel in the British Empire, says another sun-dried bureaucrat. These panegyrics of Imperial statesmen are legion. To reach India, the British adventures threw themselves upon America. To guard the Indian trade, they seized South Africa. Upon India converge the routes that are dotted from end to end with British forts and coaling stations. The struggle for India has been a struggle against France, Holland and Portugal.⁵

India played an important part in the shaping of British Foreign Policy as early as 1688.⁶ It exercised a decisive influence for the last century and a half.⁷ Lord Curzon asks us to consider what part India has played in the shaping of British policy and the expansion of British Dominion. It has been the determining influence in every considerable movement of British power to the East and South of the Mediterranean. The Eastern question of the Middle Ages was merely the recovery of Holy Places from Ottoman hands. But once the British had planted

themselves in India, the Eastern question, though it revolved round Constantinople, was in reality directed by considerations of the security of Indian possessions. But for India, Lord Beaconsfield would not have bought the shares in the Suez Canal. But for the Suez Canal, the British would not now be in Egypt. The historic rivalry and struggles with Russia for nearly a century, sprang from the supposed necessity of keeping her away from the frontiers of India. Had it not been for India, the British should never have seized the Cape nor begun that career of South African expansion that has lately entered upon so remarkable and pregnant a phase. Such is the place that Curzon accords to India in British Empire.⁸

The British Foreign policy in the nineteenth century is a historic necessity. The driving force is imperial expansion and protection of imperial interests. It coquetted with the "unspeakable Turk" against the "Russian Bear". Because the Empire they had to defend was founded by "unspeakable pirates" and blood-thirsty villains. One has to read the exploits of Drake, Frobisher and Hawkins. Curzon played a great role in this foreign policy. Persia, Afghanistan, India, Egypt are inseparable in his makeup of foreign policy. At one place, he says, that the independence of Afghanistan, the continued national existence of Persia, the maintainance at Bagdad are one and all dependent upon Calcutta. Nay, the radiating circle of her influence overlaps the adjoining continents and affects the fate of the Bosphorus and the destinies of Egypt⁹. He adds that the Indian Dominions more directly touch, those of Turkey and in many parts of the Arabian peninsula, those of Russia on the Pamirs, those of China along the borders of Turkestan and Yunan, those of France on the upper Mekong. In their dealings with them, the foreign department in India is becoming the Asiatic Branch of the Foreign office in England. The geographical position of India will more and more push her into the forefront of international politics. She will more and more become the strategical

frontier of the British Empire¹⁰. Should a foreign invasion take place in India, it is not only British supremacy in that country itself which will be at stake but the uninterrupted intercourse with her Eastern colonies themselves, would at once be threatened.¹¹ No wonder that Trotsky recently wrote, that if he were to choose a place for fomenting a revolution, he would choose India. For the sake of India, England strove to retain command of the seas. For India's sake, she fought Napoleon, Russia, Germany. Her conquests in Africa and Asia served to protect the routes to India by sea, land and air.¹² The importance of India's role in the British Empire could best be expressed in the words of Lord Curzon :

"India is the largest and most populous political aggregation in the Universe, then I think you will begin to realize to what extent the British Empire is Asiatic, Empire, and how if we cut out the Asiatic portion of it, it would infallibly dwindle in scale and importance. I sometimes like to picture to myself this great imperial fabric as a huge structure; like some Tennysonian "Palace of Art" of which the foundations are in this country (England), where they have been laid and must be maintained by British hands, but of which the colonies are the pillars and then high above all floats the vastness of an Asiatic dome."¹³

Time and Space are shafts that fly in the face of Romanticism. The Asiatic Dome cannot rest on the contradictions of modern Imperialism. Imperialism is the immediate forerunner of the Socialist Revolution¹⁴. Just as India was the base for the ground of British Imperialism, so India will be the base for its liquidation.

II

One Professor has recently written a swan song for the new capitalism¹⁵. We are not concerned with the subtle sophistries that have been drilled into the minds of youth for some time past. His

latest literary effort demonstrates both his intellectual bankruptcy and fitness to survive as a "first rate" economist. He argues that Marxism is wrong because communism came first in Russia and not in highly industrialised countries. The Professor's use of the fact that a revolution came first in an undeveloped capitalist country to prove the fallacy of communist theory, is an indication of his ignorance of that theory. Evidently he has never heard of Lenin's application of Marxian doctrines to the era of Imperialism. Marx lived and wrote in the period of industrial capitalism. Lenin applied his doctrines to the latter period of imperialism. The various capitalist countries had ceased to be isolated units. They became links in the single chain of world - imperialism.¹⁶ Lenin explained that the world revolution would begin not necessarily where industry is most highly developed but where the chain of imperialism is weakest. In 1917 this was so in Russia and other nations of Eastern Europe. The next break may be in India or Germany, depending not on the development of capitalist technique in any individual country but on the weakness of the links which form the imperialist world chain. Our Professor ought to know the theory he attempts to disprove.¹⁷

Therefore, it is necessary to study the Marxian theory of imperialism. There is much loose talk upon this word 'historic necessity'. To understand an historic event means to represent it as the consequence of a definite historic cause or historic causes; in other words, to represent it not as an "accidental" entity caused by nothing but as an entity inevitably flowing from the total of given conditions. The element of causality is the element of (causal) necessity. Marxism teaches us that the historic process and consequently every link in the chain of historic events is a necessary entity¹⁸. In this sense imperialism is a historic necessity. It is a product of capitalism.¹⁹

Marxian theory of imperialism should be distinguished from philosophical, historical and reformist theories of Hobson and Kautsky²⁰ although they are all necessary elements in the chain of causation.

An imperial poet James Elroy Flecker makes one of his characters Don Juan speak against imperialism and imperialists. Don Juan is against their gospels of brutality, big battalions, of race hatred and world conquest. He is against their gold diggers, their mammoth financiers, their twang voiced judaco-colonial – British – German – American millionaires. He is against their purveyors of tinsel glory. He thinks that the empire was built by a jolly race of pirates three hundred years ago. Because they found a lot of places empty and just sat down in them.²¹ Marxian theory goes further. It explains the policy of finance - capital.²² It explains the monopolist capitalism.²³ It explains the policy of syndicalist metallurgical industry.²⁴ It explains the policy of the international system of imperialist states against Soviet Russia. It also explains the theory of independence.

The following pages attempt to trace the political expansion of British Empire with Indian men and money. The economic and financial aspects are reserved for a later chapter. This question is intimately connected with the so-called question of 'Public Debts'. Exploitation is seen here in its grossest form. Marx once said that revolutions are the locomotives of history. The quickening of the tempo of objective progressive social forces is revolution. In such a quickening of tempo, independence of India is a necessity, repudiation of debts is a corollary and destruction of British imperialism is a certainty.

III

The Indian National Congress has often been accused of attempting to repudiate "Public Debts". From being a "repudiation" the effort of the congress is to "ratify" burdens, which have been undertaken in the country's interest²⁵. So says the congress working committee. Here it reveals its moderate reformist character. The Indian congress, as Pal observed long ago²⁶, has not been renowned for clear thinking. I think an exception is to be made in connection with its "report on the financial obligations between Great Britain and India."²⁷

The present "Public Debts" cannot be truly called "National Debts" for they have been incurred really by Great Britain and imposed upon India. Sir George Wingate wrote seventy years ago:

"When the subject is carefully examined, it will be found that the government of a distinct state has been from the first simply a department of the British government.²⁸ The British ministry, acting through the President of the Board of Control, formed the real motive power which decided the policy of successive Indian administration and the East India Company was simply a convenient screen under cover of which the ministry was enabled to make use of the revenues and resources of India with a less degree of interference on the part of parliament than would have been exercised, had the responsibility of the ministry for every act of the Indian government been openly avowed. If the facts be so, then, and they cannot be gainsaid, we seem to be shut up to the conclusion that the acts of the government of India, from first to last, have been the acts of the British nation. India has never had the shadow of constitution, or of a national government, but has been ruled as a conquered country, according to the views of successive British administrations. The Indian debt has really been incurred by the government of this country, and how then can we possibly shake ourselves free of Indian liabilities?...." ²⁹

The India Expenditure Commission, 1895, popularly known as the Welby commission reported as follows in paragraph 117 of their report:-

"The debt of India for purposes of account is divided at the present time into two heads (1) ordinary or unproductive head, 2) productive or public works debt. ---- The permanent debt of India, whether raised here or in India, amounted on the thirtieth of April 1842, to £ 33, 577, 414. On the 30th April 1857, immediately before mutiny, it amounted to £ 51, 327, 985 an increase of 53 per cent in 15 years..."

We shall now consider how the said public debt of fifty-one million pounds came to be incurred. The said public debt was largely caused by the expenses of war - like operations and acquisitions of territories.

Against the costs of the internal wars during the period may be set off the accession of the territories resulting from these operations or tributes or indemnities obtained from the vanquished powers. In each successive period, though the total expenditure increases, the increase in the revenues also keeps pace with it. The surpluses on the territorial side were taken over to the commercial side and were absorbed. Had this process not been followed, no public debt would have had to be incurred even for the purposes of the costs of the wars. Apart, however from the fact that the surpluses on the territorial side would have met the expenses of the wars, Great Britain ought to have borne the same in any event. Even the directors of the East India Company on some occasions protested against the costs of these wars being saddled on India's revenues and claimed that these should be borne by Great Britain.

It may further be observed that numerous disbursements of large amounts took place by way of pensions, bounties, gratuities to the civil and military servants of the company from Governor General downwards which could never have been properly charged to India.³⁰

As regards the burden imposed upon India by the company's wars beyond the geographical limits of India, the costs may be difficult to estimate precisely. The cost of the first Afghan war has been estimated at 15 millions. The first two Burmese wars of 1825-26 and 1852-55 have also been estimated at about 14 millions. The smaller expeditions to China, Persia, and Nepal have been reckoned to have cost about 6 millions. The external wars, therefore, have been roughly estimated to have cost in all about 35 millions. Obviously, it is unfair

to charge this item upon the revenues of India. Because, these wars were waged outside the frontiers of India, for British interests and at the instance of the British ministers of the day, and India derived no material benefit from these wars.³¹ Sir George Wingate says:-

"Most of our Asiatic wars with countries beyond the limits of our Empire have been carried on by means of the military and monetary resources of the government of India though the objects of these wars were in some instances purely British, and in others but remotely connected with the interests of India... The Afghan war was one of the most notable of these... it was undertaken in opposition to the views of the court of directors. It was in fact a purely British war... and in defiance of a solemn expression of unanimous opinion on the part of the Court of Directors, and of a resolution of the court or Proprietors of the East India Company that the whole cost of the war should not be thrown upon the Indian Finances, the ministry required this to be done. By this injustice, ten millions were added to the debt of India. The late Persian war was proclaimed with which India had no concern. It was carried on by troops and resources of India. India in fact has been required to furnish men and means for carrying on all our Asiatic wars and has never, in any instance, been paid a full equivalent for the assistance thus rendered which furnishes irrefragable proof of the one sided and selfish character of our Indian policy."³²

The following is an extract from a letter, dated the 6th April 1842 from the chairman and deputy chairman of the East India Company to Lord Fitzgerald:-

"..they are constrained to submit that in no view of the case it can be just or expedient that the whole charge of these operations including that of the military reinforcements about to be effected, should be thrown on the finances of India."³³

I give below an extract of the resolution on the subject passed by the general court of the East India Company on 27th June 1842.

".....It is the opinion of this court that the whole expense of that war ought not to be thrown on the people of India, but that a part of it should be borne by the Exchequer of the United Kingdom."³⁴

In contesting this item we have not taken into account the actual loss which India herself suffered in men and materials and also the cost of the up-keep of the existing standing army in India which was in itself considerable. John Bright said in the House of Commons:-

".....the real burden of the enormous expenses of the Afghan war ought to be thrown on the taxation of the people of England."³⁵

In 1858, when the company was deprived of the possession and the government of the territory, the company became entitled to the redemption of their capital stock by a payment of 12 million pounds in terms of Section 13 of the Charter Act of 1833. It appears, however, as the company's stock was not redeemed until 1874, until that date the company was paid the stipulated dividend of 10½ per cent per annum, which amounted to £630,000 per year. This amount was paid out of the revenues of India. Thus the total burden thrown on India in virtue of these provisions was as follows:-

Dividend, 1833-58	£15,120,000
Dividend, 1858-74	10,080,000
Capital Stock Redemption	12,000,000
	£ 37,200,000

As against this charge upon the revenues of India, India received no substantial benefit. It practically amounts to the purchase price paid to the East India Company for the surrender of such rights and properties as they may have had in the trade of India and for such properties as they then possessed.³⁶ The actual charge was the outcome of the arrangement made between the East India Company's Directors and Proprietors on the one hand and the British Government representing the British Parliament and the British Public on the other.

In this the Indian people had absolutely no say, nor had their interests any consideration whatsoever. If justice and good sense demanded that compensation should be paid to the company for their capital stock and goodwill, it ought to have been the British public, rather than the Indian people, who should have borne the burden of compensation.

The case of the Royal Niger Company was a contrast. It was formed in 1886. It later, surrendered and transferred all political rights in the territories to the crown. It did for a compensation which was paid out of the British Exchequer. It was not paid out of the Nigerian territory.³⁷ In the Indian case, the East India Company, when its governing powers were taken over by the British crown, was paid a lavish compensation for both its commercial and territorial or political assets and privileges. The payment was decreed by the British government to be made out of Indian revenues, without any constitution, or concurrence of the Indian people.

The 'Sepoy Mutiny' brings us to the item of forty million pounds being the cost of military operations of 1857 and 1858 which was added to the public debt of India. Wingate says:

"If ever there was an occasion which called for great sacrifices on the part of the British people, it was certainly this, when the brightest jewel in the British crown was in danger of being torn from our grasp, but even in this crisis of history, the selfish traditions of our Indian policy prevailed, and with unparalleled meanness, we have sought to transfer the entire cost of a perilous struggle to uphold our own empire to the overburdened finances of India.³⁸... Great Britain has not only required India to pay for the whole of the extra regiments sent to that country, from the date of leaving these shores, but has demanded back the money disbursed on account of these regiments for the last six months of their service in this country previous to sailing for India...

The cost of transporting British troops to India is also charged upon the Indian revenues..."³⁹

John Bright in his speech on the East India Loan, March, 1859, said:

"I think that the forty million pounds which the revolt has cost, is a grievous burden to place upon the people of India. It has come from the mismanagement of Parliament and people of England..."⁴⁰

The revolt resulted from the mismanagement and misgovernment of India by those who were in charge of it.⁴¹ Therefore, the British government for whom the company was carrying on the government of India at the time, is necessarily the proper party to shoulder that burden. But apart from the question of misgovernment, the costs of these operations should be treated as the cost of the reconquest of India and should be borne by Great Britain. The observations of the Secretary of State for India as to the liabilities of England for costs of such an operation as that of 1857-58 are worthy of note. The Secretary of State for India in a letter dated 8th August 1872, in reply to the letter of the war office of 14th April 1872 says:

"....the burden of it must necessarily have been borne, in greater part, at least, by the imperial government; but in regard to the Indian mutiny, no part of the cost of suppressing it was allowed to fall on the imperial exchequer. The whole of it was or is now being defrayed by the Indian tax payer."⁴²

The cost of the Boer war, which resulted in the conquest of the Transvaal, is an instance in which the principle enunciated above was accepted by Great Britain. The British cost of the Boer war was neither charged on the revenues of the Transvaal after the conquest when it was constituted into a colony, nor was the South African Union called upon to bear its own cost when the union was formed. In addition to bearing the cost, Britain also agreed to pay, under the terms of the

Treaty of Veereeniging, three million pounds to assist the Boers, the erstwhile enemies, in restoring the devastated forms. After the conquest of the Transvaal, Britain does not appear to have derived any benefit from that colony. Whereas after the year 1858, Britain has continued to enjoy dominion over, and derived incalculable benefit from and through, India. Great Britain also bore the cost of the suppression of the insurrection in Canada (1838-43) out of imperial revenues.⁴³ Thus, the burdens and obligations which have fallen upon the people of India from the East India Company amounts to over 112 million sterling made up as follows:-

Cost of the Afghan war	£ 15,000,000
Cost of the Two Burmese wars	14,000,000
Cost of Expeditions to China, Persia etc	6,000,000
Redemption of capital stock	37,200,000
Cost of the Mutiny	40,000,000
	£ 112,200,000

It is but fair that India should now claim to be relieved from the burdens of expenditures which were wrongly put on her shoulders.⁴⁴

IV

It will not be out of place if we go into details about these external wars. Let us take them in a chronological order. The miscellaneous expeditions in the time of Lord Wellesley (1798-1805) to Ceylon, Mouluccas, Singapore, Isle of France, the Cape Colony and Egypt – all were carried out during the period of the Napoleonic wars in Europe and almost all aimed at destroying the influence and dominion of France or her allies, the Dutch or the Spaniards. The ordinary administration of the territories acquired as the result of these

expeditions, moreover, caused a continuous deficit which had to be made good from India.

The expedition to Java was a solitary exploit in the otherwise peaceful and unaggressive administration of Lord Minto 1807-1813. Java was a Dutch possession. As the Dutch were almost entirely under the influence of Napoleon, these islands were a fit target for attack by the British power in the East. After a few years of keeping these islands in British hands, during which they involved considerable deficits in ordinary expenditure which had to be made good from India, they were once more transferred to the Dutch, soon after the restoration of peace in Europe after the fall of Napoleon. During the period of their possession by Britain, opportunities for traders and settlers were no doubt opened up in these parts, but those who took advantage to enrich themselves by such opportunities were not Indians but only the European subjects of king George III.

Next war with Nepal follows in the time of Lord Hastings. That war is estimated by historians to have cost India about a crore of rupees. This cost, it may be said however, was made good by the cession of a portion of the territory without further burden on the Indian treasury.

The Burmese wars under Lord Amherst (1824-26) and under Lord Dalhousie (1852-53) are an example of British imperialism manifesting itself aggressively in the East. The first Burmese war had been universally admitted by critical historians to have been a mistake, or at least to have been a disproportionately costly venture. Its costs amounted to 13 crores of rupees. The indemnity of one crore received at the end of the first war, in addition to the territory obtained, hardly suffice to meet even interest charges occasioned by this war. And though the second Burmese war under Lord Dalhousie was conducted on a very much cheaper scale, costing only about a crore⁴⁵, the

resultant annexation of Lower Burma failed to bring sufficient net surplus of revenue to meet these charges. The commercial advantages, including mining and other concessions in the districts annexed from Burma, were almost all rented to people of non-Indian stock, while the burden of this new acquisition in addition to the cost of war fell upon India.

The Afghan war under Lords Auckland and Ellenborough (1839-48) once more reverts to the general type of such wars. They were due to the complications of international politics and rivalries with which Britain was concerned in part from its interests in India.

The wars with China and Persia have their origin in imperialist greed. The first Chinese war of 1840 as well the second in 1856 were at bottom connected with the trading greed of the British. China was an inexhaustible market for the Indian opium. Imports of this drug into China from India were enormous.⁴⁶ Wars were the consequence of this policy. The war with Persia was only an offshoot of the struggle for supremacy in Asia between Russia and England, the more magnificent and costly exhibition of which was on Afghanistan soil.⁴⁷ Indians received no benefits from these wars.

The result of all these wars and expeditions may be estimated to have been an aggregate addition to the burden of India of a sum of not less than Rs 35 Crores net (£ 35 millions) as follows in round terms:

Afghan War	Rs. 15 crore
The Burmese Wars	15 crore
Miscellaneous expeditions	5 crore
Total	<u>Rs. 35 crore</u>

Therefore, it is fair and proper that Indians should demand to be relieved of the burden caused by these wars and expeditions,

waged neither in their interests nor by their authority, and forced upon them by the irresponsible might of the British Imperial Government.⁴⁸

V

We will now consider the financial transactions of the government of India since 1858. Taking the unproductive debt incurred during the period of the direct administration of India under the British crown, the first most considerable division of such debt is that caused by wars. This group may be further subdivided into debt caused by internal wars within the political entity called India, or on its frontiers, and debt caused by foreign wars and expeditions, outside and beyond the frontiers of India.

Take the Abyssinian war of 1875. Discussing the question as regards the decision to charge the ordinary costs of the Abyssinian expedition to India, Lord Salisbury said:

“Having regard to the future, I do not like India to be looked upon as an English barrack in the oriental seas from which we may draw any number of troops without paying for them. It is bad for England and it is always bad for us not to have that check upon the temptation to engage in wars which can only be controlled by the necessity of paying for them.”

The Secretary of State in his letter to the war office of the 9th August 1872, referring amongst others, to the Abyssinian war, said:

“It is certain that all these wars were dictated entirely by the imperial government and that the interests of the British commerce, the grievances of British merchants and the honor of the British crown, were the determining considerations in them all,”⁴⁹ and poor Indians have to pay for the honour of the British. Sir Charles Trevelyan in his evidence before the Faucett Committee says:

"The Abyssinian war arose out of the imperial sentiment affecting the whole British empire and in a much greater degree in my opinion, our European and American relation than our Indian relation... The people of India know nothing about Abyssinia.. India had nothing to do with the proceedings which brought about the Abyssinian war and was not much concerned with the result."

A further question on the subject was put to him by the Commission and his answer thereto is instructive.

Question 1600:

"In fact, India was in no way more concerned with our expeditions to Abyssinia than were Australia and Canada, and that the only reason why we did not make similar demand from Australia and Canada to help to pay the expenses of that war, was that we knew perfectly well that they would indignantly scout such a proposal; they would not listen to it for a moment, would they? Well, I am bound as an honest man to say that I see no real difference. India had nothing to do with the proceedings which brought the Abyssinian war and was not much concerned with the result."⁵⁰

Mr. S. Laign, the finance member of the Viceroy's Council, in 1860, in his evidence before the Fawcett Committee, referring to instances where "finances of India had been frequently sacrificed to the Horse Guards and the exigencies of the English estimate", says:-

"If anything was charged to India for the Abyssinian war, I should say that was another instance of it."⁵¹

The Earl of Northbrooke, in his evidence before the Welby Commission, given in February 1897, has maintained that the ordinary charges of the Abyssinian war estimated at £ 600,000 "is a sum of money which India has a fair and equitable ground to claim".⁵²

Let us now come to the Perak Expedition. India was burdened with a payment of £ 41,000 being the ordinary charges of the troops borrowed from India. The Right Honourable Earl Northbrooke says in his evidence before the Welby commission:-

"....in this Perak Case I cannot conceive any one doubting that India has been badly treated. Here was an expedition beyond the frontier of India, and for which, in order that any portion of the Indian revenues should be applied, it is by statute necessary that there should be an address to the crown from both the Houses of Parliament. I happened to be the Governor General at the time, and I protested against this charge being put upon India. Not only was no notice taken of the protest made by the Government of India but not even were the statutory addresses from both Houses moved, so that the law was broken, and the charge so made upon India has never been repaid. It has remained charged upon India from that time to this, contrary to the law and contrary to the protest of the Government of India."⁵³

The second Afghan war is another instance. The cost of this war amounted to over 22 million pounds towards which Great Britain contributed 5 million pounds, leaving India to bear the balance of over 17 million pounds. It is a matter of history that for some time prior to 1872, the Government of India, at the instance of the British Government, was pursuing an aggressive policy in the N.W. Frontier. It was as a protest against such a policy that Northbrooke resigned his Viceroyalty in 1876. He was succeeded by Lord Lytton. The policy he was instructed to pursue may be given in his own words:

"....I came out specially instructed to treat the Indian Frontier question as an indivisible part of the great imperial question, mainly depending upon the general policy of Her Majesty's government."⁵⁴

It was not long after Lord Lytton's arrival here that this war was undertaken. In the course of parliamentary debate as to the payment of the cost of this war, Mr. Fawcett observed:

".....In India there was a war for which the Indian people were not responsible,.. a war which grew out of our own policy and actions in Europe, and we are going to make the Indian people, who were not self governed and who were not represented, pay every six pence of the cost."⁵⁵

Mr Gladstone supporting Mr. Fawcett, said:-

"...This Afghan war has been distinctly recognized as partaking the character of an imperial war.... I think not merely a small sum but a solid and substantial sum ought to be borne by this country at the very least."⁵⁶

India has been further burdened at the end of that war by an annual payment to the Amir of six lakhs a year subsequently raised to twelve lakhs in 1894, the total of which payment would come to a considerable sum. In the words of the late Mr. Gokhale:-

"All such expenditure, therefore as is represented by the subsidies to the Amir and other tribal chiefs, is strictly imperial in furtherance of imperial interests in Mid-Asia."⁵⁷

The Egyptian operation of 1882 is another instance. Lord Northbrooke, who according to himself, had a good deal to do with these operations suggests in his evidence before the Welby commission that England should have borne half the cost of the expedition instead of contributing only £ 500,000 towards the total cost of £1,700,000⁵⁸. India had no interest at all in these operations and India should not have borne any part of the cost. Major General E.H.H. Collen, military Secretary to the Government of India emphatically stated before the Welby commission that India should not have had to pay even a farthing for such an expedition.⁵⁹

Take the Minor Expeditions on the N.W. Frontier. As regards the expeditions which resulted in the annexations of the territories of the N.W. Frontier, it cannot be disputed that those expeditions "were for purposes avowedly imperial". "For all these wars so far as they were an indivisible part of the great imperial question, the imperial exchequer should primarily have paid".⁶⁰ Between April 1882 and March 1891, nearly 13 million pounds were spent on these expeditions. This amount did not include the ordinary pay of the soldiers.⁶¹

The Burmah war of 1886 was the result of the aggressive policy pursued towards Burmah.⁶² The annexation of Burmah added to the possession of Great Britain which has enabled Great Britain to extend and add to her trade and to exploit its rich natural resources and add to her own wealth. So far as India is concerned, such benefits cannot be claimed to have resulted in her favour. It is but just that the cost of the war which is estimated to be 47 million pounds sterling, should be borne by Great Britain as she is the only party who has profited by this war. It was also pointed out that the cost of the "civil administration of Burmah became a heavy burden on Indian revenue for many years".⁶³ India may legitimately claim these costs, so borne by her even if, as is contemplated Burmah is separated from India. In his evidence before the Welby commission Sir Dinshaw Wacha observed as follows:-

"As to upper Burma, the entire cost of the Military expedition and the subsequent cost of the administration, should be wholly refunded by England to India, and the province separated from India and made into a crown colony as was suggested by the congress. The occupation was made of at the suggestion of the English merchants is Rangoon and Mandalay. Indians never demanded the annexation and it is unfair to India that for the promotion of the interests of English capitalists and extension of British Empire any charges be paid out of the revenues of India."⁶⁴

The late Mr. Gokhale, in his evidence before the same committee stated that the conquest was effected in furtherance of imperial policy and the commercial interests of the empire and no special Indian interest was ever here at stake.⁶⁵

The Soukim expedition is another instance. As regards the injustice of charging these costs on India we need only refer to the protests made by the government of India:-

“In order to strengthen Soukim and to set free Egyptian troops for employment on the Nile, we have been asked to provide for garrison composed of troops from native army in India. We cannot perceive any Indian interests... the tax payers of India who have to bear the ordinary costs of the Indian troops proceeding to Soukim will hardly comprehend the reasons for taxing them for the troops which are not serving in India in order to maintain order or to assist the Italian forces..”⁶⁶

VI

We next come to the Great War 1914-1919. Immediately on the outbreak of the war, large draft of Indian troops were transported to the European fronts. The feeling of the government of India was that Great Britain should be helped in that war not only with troops, but that if possible India should also relieve Great Britain to some extent of the heavy financial burden which the war would impose on Great Britain.

On the 8th September 1914, a resolution was staged in the imperial legislative council in which the officials constituted the majority. The resolution stood in the name of Chitnavis. After giving expression to sentiments of devotion and loyalty to the King Emperor, it wished to share in the heavy financial burden imposed by the war on the United Kingdom. The resolution was in very wide terms. Lord Hardinge, being alive to the very meagre financial capacity of India, limited it to

India taking upon herself the burden of the ordinary charges only of the troops derived from India.⁶⁷ Thus up to this stage, the burden proposed to be imposed upon India was to let her off with bearing the ordinary charges of the troops lent by her to Great Britain. As under the statutory authority,⁶⁸ the government of India had no power to impose such a burden, on the revenues of India without the consent of both the Houses of Parliament. A resolution was passed by parliament in November 1914 sanctioning the step taken by the government of India.⁶⁹ By this resolution Parliament went a step further and imposed on the revenues of India, not only the ordinary charges of the troops but also the transportation charges. This was doubly unjust to India. For according to the Secretary of State, the practice hitherto observed was:-

“In every instance in which reinforcements from home have been sent to India the whole pay of the troops so sent have been charged to India from the moment of their departure from the shore of England. On the other hand, when India has been called upon to provide troops for foreign expedition, it has been the general practice to continue to charge the ordinary pay of the troops to the Indian Exchequer during their absence from India.”⁷⁰

That is, the transportation charges were not paid by India when India provided troops. Departing from that practice, which in itself was unjust, the parliament by their aforesaid resolution made India pay also the transportation charges.

We now come to “War Gifts”. It would appear that prior to the introduction of the Budget for 1917-18 in the then Legislative Council, the government of India had been in communication with the Secretary of State for India, and a gift of 100 million pounds out of the revenues of India to Great Britain towards the expenses of the war had already been arranged, and decided upon. The first time that this matter of

gift to Great Britain was brought to the notice of the Legislative Council was in the Budget statement made by the finance member, Sir William Meyer, in March 1917. That hundred million, in the words of Sir William Meyer, "amounts to nearly double our total imperial revenues as it stood before the war". The proceedings of the Council on that occasion show that this gift of a hundred million pounds was made by an executive act of the government of India and was not a voluntary offer from the people of India. The government of India under the statutes by which it is regulated had no power, whatsoever, to make a gift to Great Britain out of the revenues of India.

In September 1918, the finance member, Sir William Meyer, brought forward a resolution before the legislative council to defray various expenses connected with the war to the extent of 45 million pounds. It was suggested that this could be done by considering the "normal strength" of the Indian forces as 500,000 men instead of 160,000 as hitherto and thus bring within the range of the resolution of Parliament a much larger expenditure and charging it on Indian revenues. After considerable discussion certain conditions were imposed which in effect reduced the contribution to 26 million pounds.⁷¹

We next consider the magnitude of the burden imposed upon India owing to this imperialist war.

1. India sent practically all her trained troops to France right at the outbreak of the war, so that at one time she had not for her own border defence and internal security more than 30,000 troops of all arms.

2. India next, raised, equipped and despatched large number of additional armies with all their auxiliary accompaniment of man and beast and machine, to several minor theatres of the war in Africa, Europe, and Asia. These brought the most welcome relief to the hard pressed armies of Britain on the main western front.

3. India made a substantial contribution, as already pointed out, paid partly out of loans raised in India, which helped materially to ease the growing strain on the Indo-British Exchange to the disadvantage of India; and partly by taking over proportionate burdens of Britain in the war. This is a clearly measurable contribution, so there can be no dispute about its valuation.

Over and above this monetary gift, India's "normal" military and civil expenditure was largely inflated as the direct consequence of this war, which she has nevertheless borne ever since. The presence of these additional burdens upon the Indian Exchequer led, in the five years immediately following the European war, to deficits in India's ordinary Central Budget, which occasioned corresponding increase in India's burden of debt that must necessarily be accounted for as a war legacy.

4. There is the indirect harm done to India by that horde of regulations governing India's foreign trade during the war, the exact effect in monetary terms of which, it is again difficult to assess. Those regulations or restrictions curtailed India's foreign trade and limited the demand for currency upon the government of India, which was finding itself increasingly embarrassed on account of the Exchange. The war gave an intense, though artificial stimulus to India's exports and as the same cause had tended to restrict imports, the balance of trade in favour of India was increasing by leaps and bounds. It was further increased by expenditure defrayed by the Indian government out of Indian funds on behalf of the British government. All this made the Rupee more than ever in demand. As its exchange value in terms of sterling rose, government were bound in honour to maintain it at 16d as undertaken in 1898-99. But when the coinage of the Rupee involved a loss, they went back on the arrangement made by themselves in 1898-99. At a time when the Exchange value of the Rupee was soaring, and the balance of accounts in favour of India was very high,

they could have easily bought out the two hundred million pounds worth of India's sterling debt, on easy terms; converted that into Rupee debt; and so saved themselves a great deal of financial embarrassment and discredit attaching to the "currency and exchange policy of the Indian government"⁷² and saved the country at large immense loss and damage from which it has not even now recovered. Instead, the Indian government raised loans in India to remit to England and so added new burdens to the volume of India's sterling indebtedness.

In a despatch from the commander in chief, of July 1919, His Excellency gives the following figures showing the extent of India's contribution in terms of men:-

"On the outbreak of the war, the combatant force of the Indian army, including reservist, was 194,000 Indian ranks. Enlistments during the war for all branches of service amounted to 791,000 making a total combatant contribution of 985,000, of this number, 552,000 were sent overseas. As regards the non-combatant, the pre-war strength was 45,000 and additional 427,000 were enrolled during the war and 397,000 were sent overseas. The total contribution of Indian personnel has thus been 1,457,000 men, of whom 953,000 have served overseas. Casualties amounted to 106,594 which included 36,696 deaths from all causes. The number of animals sent overseas was 175,000."

What precisely this contribution means in money, it is impossible to estimate exactly.

If we take the normal or standard military expenditure, required for the defence of India exclusively, at 1914-15 figure of 30.80 crore per year net, in the five years during which the war continued, there was an excess of Rs. 114 crore over the standard. It was a very heavy additional burden imposed upon India. The war effects continued for two years after the war, during which there was a further excess over the standard charge, in defence expenditure alone, of Rs. 95.59 crore

or an aggregate excess over the pre-war standard of Rs. 209 crore. The defence expenditure was then reduced; but it has continued to be at a very enhanced figure, practically double of the standard figure of 1914-15. These figures indicate some measures of the extra burden which owing to the imperialist war India was made to take upon herself, and which passed into her normal defence expenditure. The total expenditure increased between 1914-15 and 1918-19 from 87 million pounds to £106.14 millions. The extra military burden upon India of (355,50-184.80) Rs. 170.7 crore, from 1915-16 to 1920-21, caused by the imperialist war, ought never to have been charged upon India. The same ought to be re-imbursed to India by Britain.⁷³

India's contribution as compared with that of the other dominions of Britain, and her gains in the results of the war, show a very disproportionate balance. While on the outbreak of the war, the other dominions only offered to protect their own frontiers; or protect the Overseas Commerce within their regions, India alone in addition to protecting her own territory, made large contributions to the empire's fighting forces in the European war. The defence of the local frontier meant a considerable obligation only in the case of South Africa, where there were German interests which might conceivably involve that territory in danger. But the contribution of Australia in Gallipoli and in policing the seas does not at all compare favourably with that of India. India received no particular advantage as a result of the success in the great struggle. The share in the reparations does not advantage India at all, proportionately to her contributions and sufferings. India has hardly any say in the stipulation of these reparation payments.

It is seldom remembered that the amount of the debt occasioned by the war carries a stipulated interest, the real value of which in terms of commodities, is much greater than appears on the face of it, if we consider only the figure of percentage allowed by way of

interest. The 6 per cent of war time charge, when the price index was 250, had a commodity value which is today perhaps doubled. And this is quite apart from the artificial variation in the rates of exchange brought about by the Indian government's finances. The amount, therefore, that the Indian tax payer has to pay to make good the interest and sinking fund charges of these loans, though fixed in percentage, is, in terms of the commodities that the Indian producer has to give in exchange for the money, very much more increased. While the creditors received, let us say, only £6, the Indian tax-payer has to give out of his produce double or treble the quantity that he used to give in 1919 for the same £6 on every hundred pounds of debt.

India, through the middle class reformist congress, prays for relief from this burden of war debts. It should not ask for relief. It should not try to explain that it is seeking for a stabilisation of debts rather than repudiation. It should think in scientific terms and boldly proclaim 'repudiation' of these war debts.

VII

Amongst the items not backed by any assets may be considered the expenses incurred outside India under the head of civil and miscellaneous charges such as those connected with the India office, Aden, Persian mission, China diplomatic and consular establishments and others.

Let us take the India office – the link between Downing Street and Simla. According to the report of the Welby commission, the Home charges in connection with the India office amounted to £ 240,000 in 1897-98 up to the year 1900, the entire charge of India office was borne by India. This charge was a varying one. The colonies contributed nothing towards the costs of the colonial office. The Welby commission recommended a contribution of fifty thousand pounds a year towards the costs of India office "in order that there may be no ground for allegation that India is treated less favorably than other parts of her

Majesty's Empire". The Welby commission appear to justify the difference in treatment of the colonies and of India on the ground that "it is sanctioned by tradition and long practice". The tradition and long practice however ancient, could not be pleaded in support of an unequitable and an unjust charge. If India claimed a refund of the total of the excess amount charged to her annually, India would be asking for nothing more than what, in fairness and justice, is due to her.

The case of Aden is another instance. Aden was acquired by the East India Company in 1838. Ever since then, and up to the report made in 1900 by the Indian expenditure commission of 1895, all the charges, civil and military in connection with Aden have been borne by India. The military charges for the year 1894-95 were calculated by the Indian government at Rs. 206,000. The civil charges, including works, were Rs. 52,000, the receipts Rs. 23,000 leaving a deficit of Rs. 29,000.⁷⁴ The Indian expenditure commission in their report recommended that Great Britain should contribute one half of military charges. One fails to see the equity of the arrangement whereby India is required to pay even half the military charges in connection with Aden and none of the other members of the empire are called upon to contribute towards such charge. Aden is a post of imperial importance and its occupation concerns not only the trade of Great Britain with India, but also her trade with Australian colonies and the East. The importance of Aden to Great Britain may best be described in the words of Major General E.H.H. Collen. Giving his evidence before the Welby commission in March 1896, he said;

"Aden is the key of great commercial route, not only to India, but to Australia and China. It is a position which is essential to Great Britain, and not only to India....."⁷⁵

To quote another opinion, Mr. Stephen Jacob, C.S.I. speaking on the same subject before the Welby commission in February 1897, stated as follows:

"The grounds on which India has urged that England should bear some share of the cost are that England is very largely interested in the maintenance of Aden from many points of view.... The necessities of trade, especially since the opening of the Suez Canal, have rendered Aden peculiarly valuable to England as a commercial nation. It has been well called the key of the commercial highway to the East; it is not exaggeration to say that the whole commercial world is interested in its maintenance, and most of all England. But from a naval and consequently from the military point of view, Aden is equally important to England. In the event of war, it would furnish our navy with a fortified coaling and refitting station on a main line of imperial communication and would thus form a naval base for defending communications in the East... politically Aden derives a considerable part of its importance not from the consideration of Indian interests but from its relation to the general foreign policy of the Empire."⁷⁶

The figures given by Collen⁷⁷ show that the trade to other parts of the East and Australia was about thirty million pounds more than the trade to India.

Gibraltar and Malta are the two other posts which guard the trade interests of Great Britain, both of which posts are maintained by Great Britain at her own cost. There seems to be no reason nor any element of justice or equity in the claim of Great Britain to impose on India the whole cost of maintaining the third post of Aden. The cost paid by India in connection with Aden, from the time that the post was occupied by Great Britain up to date, should be borne by Great Britain.

The Persian Mission was established in 1810 and was maintained till 1823 at the charge of Great Britain. From 1823 to 1831 it was maintained wholly out of Indian funds. In 1835, it was re-transferred to the British foreign office; but India was made to contribute £12,000 a year towards its maintenance from 1835, to 1859. In 1859 it was re-transferred to the government of India for one year and Great Britain

contributed £3,000 towards the costs of its maintenance which then amounted to £15,000 a year. In 1860, the mission was again taken over by the British Foreign office and India contributed £12,000 a year towards its maintenance up to the year 1880. From the year 1880, India's contribution was reduced to £10,000 a year which amount was paid up to the year 1890 when it was reduced to £7,000 a year.⁷⁸ In 1899, the Welby commission recommended that the charge on India for the diplomatic service in Persia should be reduced. It was so reduced and was finally abolished in 1905.⁷⁹ The charges paid by India towards the maintenance of the Persian Mission from their very commencement should be refunded by Great Britain to India. One fails to find any just ground for imposing such a charge on India. The maintenance of the Mission was an imperial concern. India has no interest. The Welby commission records :

“.....it must be admitted that the imposition upon India of contributions towards the cost of these services connected with these places has no parallel in our relations with other colonies and dependencies.⁸⁰ The amount roughly comes to a total of nine hundred thousand pounds.”

Let us take the case of China Consular Establishments. In the days when the East India Company had a monopoly of trade with China, the company had established a few consultates in China to look after its trade interests and the company naturally bore the costs of such consultates. In the year 1834 that monopoly ceased and it was then arranged that India should thenceforth pay one – third of the costs of the establishments of the British superintendents of Trade in China. India's share of such costs came to about £4,000 a year. India had no voice in the expenses to be incurred in connection with the consular establishments in China. The costs of these establishments kept growing continuously with the result that India's burden increased to twenty thousand pounds annually at certain periods. The Secretary

of State for India protested against such a heavy burden and contended that about ten thousand pounds was the utmost that India could be called upon to pay. In spite of the protests the toll of twenty thousand pounds a year was exacted from India up to 1876. From 1876 to 1890 the charge was reduced to fifteen thousand pounds a year. In 1890, by reason of the continued protest of the India Office, the question of the amount of contribution was referred to what is called "The Foreign Office Conference" and the conference reduced the contribution to £12,500. India was thus made to pay about £4,600 annually from 1835 to 1876 and from 1876 to 1890, fifteen thousand pounds annually. From 1890 to 1900, India was made to pay £12,500 annually. In 1901, after the report of the Welby commission, this charge on India was given up.

It appears that the contribution was taken from India on the basis of her trade interest in China. India's trade with China it was said, was 25 percent of Great Britain's trade with China. Putting the divisible charge at sixty thousand pounds a year, India's share of it was fixed at fifteen thousand.⁸¹ It was claimed that it was a fair charge. If India was to be charged on that principle, then on the one hand India should have taken a share in consular establishments at the Cape, Australia, in all places in Europe and America with which India traded, and on the other hand, all the British colonies and dependencies should have been debited with charges proportionate to their trade with China. It is obvious that the principle on which India was made to contribute because, to use the words of Mr. Fawcett, "We can make India pay, and she has no power to resist."⁸² Under the circumstances it would be but bare justice to India if Great Britain refunded to India the whole amount taken from her from 1834 to the year 1901, which on a rough estimate cannot amount to less than a million pounds.

The *lanzebar* and Mauritius Cable was laid mainly on strategic grounds. India has been made to pay two hundred thousand pounds,

the subsidy paid to the Eastern Telegraph Company, which did the work of laying the cable. The result of laying the cable was that Mauritius and Seychelles were connected with the Telegraph system of the world. "It did not afford India any new route of communication with England. That had already been secured via Aden and the Eastern and Western coasts of Africa." All messages on the service of the imperial, colonial, and Indian governments were to be transmitted by the Eastern Telegraph company at one and the same fixed rate. India does not appear to have derived any special advantage from this cable, yet India was made to pay from 1893 ten thousand pounds a year for twenty years as her share of the subsidy of twenty eight thousand pounds per year paid to that company; Great Britain, Mauritius, Seychelles paying ten thousand pounds a year, respectively.⁸³ This contribution cannot be based on the principle of justice and equity. A memorandum by Mr. Stephen Jacob. C.S.I. on the subject of this cable, submitted to the Welby commission⁸⁴ shows clearly that the contribution was taken from India on the principle enunciated by Mr. Fawcett. India is entitled to a refund of this amount by Great Britain.

The Red Sea and India Telegraph Company was formed in 1858. The Treasury gave a guarantee for 50 years, to make up 4½ percent return on the capital. The guarantee it is alleged, was given by the Treasury with the consent of the Secretary of State in Council. The Company transmitted messages for a day or so and the line broke immediately.⁸⁵ By a further Act of 1862, the line having ceased to transmit messages, the property was transferred to a new company. The guarantee of the old company was converted into an annuity of thirty six thousand pounds for forty-six years. It was further provided that India should pay £18,027 annually to her Majesty's Exchequer, being half the annuity and cost of management up to August 4, 1908.⁸⁶ India was thus made to pay over £829,000 for which she had not

made herself responsible and for which she received absolutely nothing in return. India is entitled to claim refund of the whole of this amount. If interest at 4 percent for twenty-two years be added to the amount, the claim would be over one and a half million pounds.

As regards Burma, a further claim by India would naturally arise by reason of the deficits arising out of the administration of Burmah since 1887 to 1907, when the budgets began to balance, amounting in all to fifteen crores, which the Indian revenues bore, and also a claim of twenty two crores in respect of the economic development of the country, mainly consisting of the deficits and interest charge on the capital of the Burmese railway. India has a right to a refund of a proportion of the cost of India's defence, since the date of the annexation to date. This is not included in the ordinary provincial budgets. It is estimated at 45 crores on an average charge of a crore a year. We can make a total claim in respect of Burmah of 82 crores. One member of the congress committee report states that this claim should not be made except in the event of Burmah being separated.⁸⁷

VIII

There are two other factors which we have to consider in an account of India's role in British imperialism. Imperialism is a gigantic ogre. It requires an enormous food in the form of military expenditures. It is a notorious fact that the bulk of our revenues has been spent on the so-called "defence". In a list of military expenditure of forty-one nations prepared in 1929 by Mr. A.J. Toynbee ("Survey of International Affairs"), India stands first with 45.29 percent of her expenditures being military expenditures. The rank according to the ratio of military expenditures to total expenditures and that ratio are also given below in respect of the principal militaristic countries of the world:

	Percentage of Expenditures %
1st India.....	45.29
5th Japan.....	26.57
9th Italy.....	23.46
14th France.....	19.75
25th U.S.A.....	16.09
30th Great Britain.....	14.75
37th Germany	7.16

If well noticed, India's proportion is more than three times that of Great Britain. The army in India since 1857 has been in the nature of an army of occupation. The proportion of European to Indian troops has been increased since that date from 1 to 5 to the present ratio of 1 to 2 to assure the safety of British occupation. That the strength of the Indian army has been maintained at a high level for imperial purposes is obvious from the fact that whenever Indian troops required for imperial wars outside India they were taken away for varying periods without any hesitation and without any attempt to replace them during their absence from India. India has thus been used "as a barrack in the Eastern Seas," for providing troops for British Imperial purposes. As the cost of each European soldier is estimated to be about 3 to 4 times the cost of an Indian sepoy; the military expenditure of the Government of India has been considerably in excess of what it need have been, if the army was maintained merely for defence and internal order and consisted purely of sepoys. Such being the case, that amount of the expenditure representing the excess over the needs of India, should be legitimately borne by Great Britain. Apart from this, Imperial considerations have led to the keeping up of a much higher standard of equipment than would have been required by purely local needs. Mr. Buchanan, a member of the Welby Commission says:-

"....in so far as the military defence of India is concerned, India pays everything, and the United Kingdom nothing. The military strength of India is the main factor in the strength of our empire in the East. In virtue of that strength Great Britain is a great Asiatic power.... Indian regiments now garrison Mauritius, Ceylon, Singapore and other places from which British troops have been withdrawn for the purpose of the war."⁸⁸

The other factor we have to consider is the interest payments on claims. All principles of business practice demand that where an item has been wrongly debited and interest payments have been made on account of these debits, such interest amounts should be made good. If the original debit to India is proved to be wrong, then it is but right to demand restitution of all payments made in respect of such a debit. This point has been repeatedly challenged even by a moderate leader like Gokhale. This is nothing but predatory robbery. India should rigorously insist upon this point.

Of the so-called "Public Debt" therefore, the following items cannot in justice, equity and good conscience, be reasonably charged upon India.

	(In crores of Rupees)
All debt due to Non-Indian Wars.....	90
All debt due to extraordinary charges of the last imperialist war.....	150
All debt due to special contribution made in that war..	189
All debt due to measurable losses resulting from the currency and exchange policy.....	125 ⁸⁹
All debt due to miscellaneous civil charges.....	30
	625 crore

Besides the untold harm done to India's trade, industry and small savings due to the currency and exchange policy, the invisible harm done by constant exploitation of the country and its resources, the intangible injury done to the morale of the people, who aggregate one-fifth of the whole human race, these cannot be assessed. That is why revolutions occur in backward countries like India, where contradictions of imperialism have their full imperial sway.

IX

Exploitation is a necessary and a causal element in a policy of finance – capital. The East India Company is an illustration of this principle. The institution of a permanent joint stock in 1657 ultimately provided the English company with resources to maintain fortified places and enabled an association of traders to lay the foundations of a military empire. Economic rivalry between European competitors became merged in a conflict for territorial division.⁹⁰ The East India Company played a dominant role. It was the greatest of joint stock companies. Its political achievements were writ large in the history of the British empire.⁹¹ It was a source of national wealth - a source without rock-bottom. It played a leading role in the development of economic thought prior to Adam Smith's "Wealth of Nations".⁹² It wrought manifold changes on the executive of the day.⁹³ It altered the social structure of eighteenth century England by creating a class of English nabobs - birds of prey in India, nabobs in England, swindlers in India, gentlemen in England. It set the fashion in liveried servants, retinue of retainers, dazzling display of diamonds. It traded in cotton, peddled in politics, and founded an empire. Its whole history was an unrelieved catalogue of exploitation and plunder.⁹⁴ It was this capital which Mantoux tells us that gave a partial start to the industrial revolution in England.⁹⁵ Even in its days, it roused much opposition. The impeachment of Warren Hastings, the select committees⁹⁶ that inquired into the administration of the company, all reveal the exploiting

nature of the company. John Company is dead. But Jim Exploitation and Jack Oppression are not dead. The penetration of capital has not been nor will it ever be peaceful, in spite of Kautsky,⁹⁷ Loria⁹⁸ and Hocking.⁹⁹ Oppressive penetration is a necessary instinct. One cannot estimate the general exploitation of the country in simple money terms. John Bull like John Company is paying excessive salaries to her English servants, giving them fat pensions and special allowances. If John Company deified Clive and Hastings, erected statues, John Bull hails Dyer as the saviour of the Empire. This exploitation is symbolised also in fiscal policy. It is expressed in the inflow of British capital.¹⁰⁰ It is found in the employment of cheap labour. It is seen in segregation and racial discrimination. It is seen in every act of British Rule in India.¹⁰¹

History moves in contradictions. Indian society moved in contradictions, creating new ones, extending them on a wider scale without removing them. Indian society did not expand, because the progressive social forces never took the form of a movement. Such forces arose now and then only to die. Into this are added all the contradictions of modern capitalism. They found a congenial place. British imperialism in India is a mosaic of policies. It is a policy of finance-capital. It is a policy of an oligarchy against a backward country tempered by "Parliaments", leavened by concessions and veneered by goodwill. It is a policy against a country that has historic social contradictions, that has its own oligarchy, its rising middle class, its own policy of finance-capital. It is a policy that welcomes the political supremacy of the lawyer, the economic dictatorship of the money-lender and the unprogressive social forces. It is a policy of using India as a base for imperial designs in Asia. It is today a policy of alliance with such conservative forces for a joint domination and exploitation against the masses. Such a policy is bound to provoke challenge. Conditions have changed. Progressive forces are crying for a movement

and leadership to challenge this dual policy. Already there is a beginning. Conflict is inevitable. That is why a mass revolution is a historic necessity in a backward country like India.

X

This is only one side of the story. I have traced the expansion of British empire with the aid of Indian men and money.¹⁰² We note several characteristics peculiar to British imperialism in India. The Indian army is used for imperial purposes. The expenses are made to be paid by the government of India. The loss in men and money is Indian. The gain in power and pomp is British. India has to pay the East India Company which ruthlessly oppressed her. She has to pay for imperial administrative buildings like the India Office in London. She has to pay for the cables laid for imperial purposes. She has to pay for non-economic strategic railways. She has to pay for the Russian Bogey in the North in the form of military expenditures, because it would stabilise British power in the Mid-East. She has to pay for condominium in Aden where England has military and political control. These are the chief features of British imperialism. Besides the usual exploitation inherent in such a policy of finance-capital, there is the added exploitation of making India pay for British adventures. It is to liquidate this two-fold tyranny that India is heading for 'Independence' not in isolation but in cooperation with the progressive forces of the world, under the hegemony of the proletariat for a socialist revolution.

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12. Kohn, op. cit., p. 354
13. Curzon, "Subjects of the Day" p. 28.
14. J. Stalin, "Leninism", p. 99
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16. N. Bukharin, "Imperialism and World Economy", p. 25-27.
17. "Student Review", Vol.I, No.4, pp. 9-11, Don Heyworth "Professor Carver survives his Revolution."
18. Bukharin, op. cit., 130-31.
19. Lenin, "Imperialism", p. 72
20. Pavlovitch, p. 8,14,15,18,19-21;46. Bukharin, op. cit,114. Hobson, New Imperialism'.
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22. Helfferding.
23. Lenin, "Imperialism" p. 103
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25. Report on the financial obligations between Great Britain and India. (The Congress Select Committee), Bombay, 1931. vol. I.P. 3.
26. B.C. Pal, "Nationality and Empire", 1916, p. 105, 135, 138.
27. Report op. cit., (Vol. II is an annexure in which Prof. K.T. Shah has elaborated certain aspects of the problem in point of law as well as general policy.)
28. This is true also at present. So far as external affairs are concerned the India office memorandum speaks of "His Majesty's, government in India". It makes a distinction between government of India and government in India. See Indian Statutory Commission. CF. Benn's speech that in respect of internal affairs there is dominion status in action. This is not true.

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30. Bannerjea's "Indian Finance", p. 345, See also Report op. cit., Vol. II, p. 47-48.
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32. Sir George Wingate, op. cit., pp. 17-19.
33. Ibid., p. 18.
34. Ibid., p. 19.
35. R.C. Dutt, 'History of India', p. 217.
36. See R.C. Dutt, "India under Early British Rule", 1908, Chap. XXIII, pp. 398-420.
37. For details See, Report, Vol. op. cit., p. 14.
38. Wingate, op. cit., p. 13
39. Wingate, op. cit., pp. 15-16
40. Quoted in Dutt, "India Under the Victorian Age", p. 219
41. V.A. Smith, "The Oxford History of India", second Ed. 1923, p. 715-16
42. Indian Expenditure (Welby) Commission, 1895, Vol. II, p. 292.
43. For other analogies (Ireland, America etc.,) see Report, op. cit., Vol.II, pp. 44-45 and 51-54.
44. Report, op. cit., Vol. I, p. 17.
45. For details see Cambridge History of Modern India, Vol.V
46. Since India's membership in the League, this has been discouraged.
47. See Lord Ronaldshay, "Lord Curzon", 3 vols. See T. Das "India in World Politics", 1923, p. 63 et seq.
48. Not only the costs of war, but the costs of maintaining, those extra Indian possessions, and administrative deficits were charged upon the revenues of India. For details see Report, op. cit., Vol. II, p. 43.
49. Indian Expenditure Commission, 1895, Vol.II, p. 293
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51. Ibid., 1875, Vol. II, p. 404, question 7678.
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55. Ibid., quoted from Hansard Volume, 251, p. 926.
56. Indian Expenditure Commission, Vol. III, p. 467, quoted from Hansard Volume 251, p. 935.
57. Indian Expenditure Commission, 1895, Vol.III, p. 244, Q. 18528.
58. Ibid., 1895, Vol.III, p. 20, Q. 14124
59. Ibid., 1895 Vol. I, p. 401, Q.6126.
60. Ibid., vol. IV, p. 187, para 98

61. Indian Expenditure Commission, 1895, Vol. I, p. 222, Q. 5347-50
62. "Sixty Years of Indian Finance", p. 118.
63. C.N.Vakil, "Financial Development in Modern India." p. 130
64. Indian Expenditure Commission, Vol. III, p. 204, Q. 17821.
65. Ibid., p. 243
66. Quoted in Vakil, op.cit., p. 131. See Report, Vol. II, op.cit., pp. 60-67.
67. Imperial Legislative Council Proceedings, Vol. 53, pp.35-36, quoted in Report, Vol. I, p.28.
68. Sec. 55 of 21-22, Vic. ch. 106
69. Financial Statement, 1917-18 Vide, Imperial Legislative Council Proceedings, Vol.55, p. 487, quoted in Report, op. cit. Vol. I, p.29.
70. Letter of the 9th August 1872 from India office to the war office. Indian Expenditure Commission, 1895, Vol. II, p.293.
71. Vide Imperial Legislative Council proceedings, Vol. 57, pp.167-68, quoted in Report, op. cit., Vol.I, p.30.
72. This requires a separate paper for full treatment. This item figures as one of the chief problems of the Indian National Congress.
73. In taking into account the increase of expenditure, one should also take into account the increase in prices after the war.
74. Cf. Report of the Indian Expenditure Commission, Vol. IV, p. 92
75. Indian Expenditure Commission, 1895, Vol. I, p. 415.
76. Indian Empenditure Commission, 1895, Vol. III. p. 74-75.
77. Indian Expenditure Commission, 1895, Vol. I, p. 415. "Under the new conditions, the imperial government are responsible for the military and political situation in Aden and its hinterland. The settlement of Aden itself which is to a large degree peopled by Indians remains under the government of India. The financial settlement required by this division of authority provides for the payment by India to imperial revenues of £250,000 a year for three years and thence forward of £150,000 a year." – Indian Year Book, 1930, p. 181
78. Indian Expenditure Commission, 1895, Vol. IV, p. 92, Para., 242.
79. Vakil, op. cit.,p.316.
80. Indian Expenditure Commission, 1895, Vol. IV, p.91, para.,235.
81. Indian Expenditure Commission, 1895, Vol. I, p. 481, Q.12431.
82. East India Finance Committee's Report, 1871. Vol. II, p. 41, Q. 925.
83. Indian Expenditure Commission, 1895, Vol. II,p. 370; Vol. I, p. 470, Q. 12308.
84. Ibid., Vol.II. p. 402, Appendix 6.
85. Ibid., Vol. I, p. 476, Q. 12314/15.
86. Indian Expenditure Commission, 1895, Vol.II, p. 370
87. B.J.Desai, See Report, op.cit., Vol.I, p. 43.

88. In his reservation, No.4, Indian Expenditure Commission 1895, Vol. IV, p.149.
89. See Report, op.cit., Vol.II, pp.77-83, R.C.Dutt, "The Economic History of India in the Victorian Age", 2nd Ed. 1906, p. 578-591. (I still keep an open mind on this point. This is a very highly controversial topic in India at present).
90. E. Lipson, "The Economic History of England", Vol. II, 1931, p. 276.
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92. E. Lipson, "The Economic History of England" 1931, Vol.II, p. 270. See also S.D. Khan, "East India Trade in the Seventeenth Century" 1923, p. 310.
93. Khan, op.cit., 310
94. See Dutt, "The Economic History of India" under Early British Rule 3rd. 1908, pp. 134. Report Vol.II. p.47, Many quotations are made here from original sources.
95. P. Mantoux, "Industrial Revolution in 18th Century".
96. Banerjee, "Indian Finance in the days of the company", p.345. Minutes of Evidence taken before the Select committee, 1832, Vol.I, pp.65-66; Vol.VI, pp.30-1. Third Report of the Select Committee, 1853, pp.19-20. The entire inland trade was disorganized by company's servants. The methods by which they secured manufactures were oppressive, Dutt, op.cit., 25. The people had been used to arbitrary acts from men in power, but had never suffered from a system which touched their trades, their occupations, their lives so closely. The springs of their industry were stopped, the sources of wealth were dried up. Dutt, op.cit. 27, P.P.Pillai, "Economic conditions in India", 1st chapter. All authorities are unanimous of the oppressive and exploiting nature of the East India Company.
97. For Kautsky see Lenin, "Imperialism", N. Bukharin, 'Imperialism and World Economy', p. 136-9, M. Pavlovitch, "The Foundations of Imperial Policy", 1922, p. 77
98. Loria "Les deux notions de l'imperialisme in Revue economique internationale", 1907, Vol.3,p.459 ff.
99. Hocking "The Spirit of World Politics."
100. I will develop this point in a separate paper, "Export of British Capital into India."
101. Lenin's views about the effects of Imperial policy reaction all along the line, increasing oppression, are true of the East India Company, and the present British Rule in India.
102. Throughout this paper, I have not considered the part played by the Indian states in furtherance of imperialism. In their case, they received and do receive certain benefits. In the first place they were created artificially. Secondly, they bask in the sunshine of imperial power in case of necessity. In spite of these apparent benefits, they too did not escape reaction and national oppression.

Essay III

“A Theory of Independence”

I

Independence does not come as a gift says Stalin. The liberation of colonial and vassal lands from the yoke of imperialism is not possible save by a victorious revolution.¹ Yet the National Congress believes in resolutions and petitions. It has petitioned and petitioned, resolved and resolved, but independence never came. As Tagore observed, politics in our country is extremely petty.² Our conferences and congresses are mendicant institutions, begging and petitioning.³ He enlarged upon the meanness and mendicancy of always petitioning government.⁴ It is not by pontifical letters to a viceroy, nor by submissive petitions to His Majesty, the King, but by a systematic theory of Independence that India can liberate itself from the yoke of Imperialism. Such a theory should not be utopian. It should not be 'spontaneous'. It should be scientific and revolutionary.

The importance of a theory, in abstraction, dialectically speaking, is immense. We have to get rid of the notion of distinction between theory and practice. Such a distinction as Bukharin said recently is a bourgeois one. The only distinction is one of action. When a theory is not put into execution properly, it is not due to the fault in the theory but due to the fault in execution. We often hear the word “practical politics” as though it is distinct from theory. The moment the theory is wrong, practice also is wrong. Hence it is important to have a theory. Again and again, Lenin said: “Without a revolutionary theory, there

cannot be a revolutionary movement.⁵ "Only a party guided by an advanced theory can act as vanguard in the fight."⁶ Revolutionary theory is a synthesis of generalised experience. It is a concentrated tablet of practice. Theory becomes the greatest force in the working class movement when it is inseparably linked with revolutionary practice. It alone can give the movement confidence, guidance, an understanding of the inner links between events. It alone can enable those engaged in the practical struggle to understand the whence and the whether of the working class movement.⁷ The advantages of a theory are:

1. A theory according to all accepted logical and scientific canons, is a theory only when it accounts for a given phenomenon without contradicting known evidence. In that case it is just a proposition like any other proposition. The driving force is supplied by the approximation of theory to the objective situation. One advantage of such a theory is, it expresses correctly not only the objective situation but also the remedial action in the light of knowledge prevailing. "Marx said that materialist theory must not be content with explaining the world, but must change it."⁸

2. Because a theory expresses correctly the objective situation, it gives an added strength to the revolutionary movement. The movement derives its driving force from the knowledge of the fact that its theory is correct. Such a knowledge of the truth of the theory is the locomotive of revolution. It liberates forces of ethical passion mobilising mass action.

3. A theory saves us from opportunism, mendicancy and petitioning. It supplies the correct line of action.

4. A theory shows the inadequacies, the utopian character of reformist movements. It shows the dangers of compromise.

5. Lastly a true theory is opposed to the theory of "Spontaneity". The theory of spontaneity is the theory of opportunism. It is the theory

of those who consider that the movement should be content to formulate demands that are reasonable, demands that will be acceptable by the British government and Indian bourgeoisie. It is the theory of those who are glad to follow "the line of least resistance." A true scientific theory besides analysing objective situation, must attempt to give the movement a deliberate and purposive character.⁹

Therefore, it is necessary to have a correct theory for a revolutionary movement.

II

An analysis of the objective situation in India brings out certain factors which necessitate Independence. Independence is a necessity. It is a causal link in the chain of events. Of the many factors that compose the objective situation in India, the following are the significant:

1. There are in India historic social contradictions which can synthetically be expressed in the term "Social Structure". This factor – local conditions – is not so obsolete as Stalin thinks.¹⁰ It is an objective imperative factor necessary for a revolution.

2. There are all the contradictions of modern capitalism and imperialism. Capitalism in India, is of a two-fold nature - British and Indian. It is thriving on the social contradictions that exist already in India, creating new ones. Capitalist system is rapidly developing in India, creating an industrial proletariat.¹¹ It is breaking "the idiocy of village life". It is "jerking the villager out of his mediaeval grooves."

3. There are the contradictions of the reformist movements which also compose the objective reality. These reformist movements are formal, sectarian and unprogressive. The dominant note of these movements, as the Plenum of Communist party of America puts it, is "their increasing isolation from mass struggles." The Congress is a petty bourgeois institution. It preaches the ideology of spontaneity.¹²

The liberals preach the culture of collaboration with imperialists. The miscellaneous sectarian movements advocate and thrive on "opportunism".

To liquidate these contradictions, independence is a historic necessity. If the advent of revolution is to be hastened, if complete independence of capitalistically developed colonies and dependencies is to be achieved, the compromising section of the bourgeoisie must be isolated. Its influence upon the revolutionary section must be annulled. The leadership of the proletariat must be ensured. The advanced elements in the working class must be organised in an independent communist party.¹³

Beside these internal factors, there are external factors which necessitate a break of India from the yoke of imperialism. The capitalist front will be broken where the chain of imperialism is weakest and it is there that a revolution must begin.¹⁴ At present British imperialism is so stabilised that it has no fear of a rival save Indian capitalism. The Indian one is so weak that it has no chance of a survival in a struggle against British imperialism. The factor that can weaken the capitalist system is external. In the case of mutual rivalries which result in imperialist wars, the whole Indian army might be forced to leave India for the protection of imperial interests. In that case the protecting force in India will be weakened. The communist movement, marshalling the progressive forces, in alliance with the peasantry, taking advantage of the situation, can force a retreat on the part of the imperial government. This depends upon the organisation, technique, strategy and tactics of the movement. It can also take advantage of the existing discontent on the question of employing the Indian army in furtherance of imperial interests. Even if the whole Indian army is not withdrawn, the communist movement could persuade the army to desert imperial rank and join the communist rank. It could rouse the memories of Lucknow. It could instil in them a civic passion

for the removal of social injustices. In this way also the "protective" side of imperialist front can be demoralised.

When we say 'imperialism is weakest' it may mean two things. It may mean weakest in the sense that its "protective" side is weakened on account of mutual rivalries. It may also mean weakest in the sense, that it has no moral foundation. In this sense imperialism is weakest everywhere. Capitalism does not rest on any moral basis. To speak of morality is utopian. It would be correct to say capitalism rests on contradictions, creating new.

When the chain of imperialism is weakest, there would occur a great uprising of the people led by the revolutionary proletariat. It will have its formidable ally in the Indian peasantry, the millions and millions of those who are oppressed and exploited by landowners and money-lenders. In the initial stages, in Bakunist strain, it will have alliance with the proletariat of the slums, the latterday proletariat-the Lumpenproletariat, the petty bourgeoisie, the peasantry, together with the revolutionary youth.¹⁵ In Weitling strain, it will have alliance with thieves, criminals and mountain tribes. These elements are not easy to organise but in time of revolution the idea of expropriating the landowners makes a powerful appeal to them. After the blow is struck, out of the confusion will arise the aristocracy of the proletariat which Marx emphasised so much. The revolutionary proletariat will also ally with the bourgeois nationalist movement. As Stalin says, at such a time and in such circumstances, it is self-evident that the bourgeois-nationalist movement will tend to develop into the proletarian revolution.¹⁶

For a revolution it is not enough that the exploited and oppressed masses should have become aware that they cannot go on living in the old way and that they should demand changes. In addition, the exploiters must find it impossible to live and rule in the old way. Not

until the "lower classes" cannot put up with the old conditions any longer, and the "upper classes" cannot carry on under the old conditions, can the revolution triumph. Revolution is impossible unless there is a national crisis affecting both exploited and exploiters. So said Lenin.¹⁷

Over and above these factors is the necessity for a movement. At present, in spite of the objective situation, the movement is weak. It is weak because it has no leaders, and no theory. The communist movement must tread the path of the First International. It must likewise synthesise the various sectarian movements of the day into one galvanising mass of action. It must from the first give a communist direction. It must like Marx adopt tactics preserving the essentials of the programme. As long as there is historic justification of the sectarian movements, proletarian movements cannot develop. But the obsolete always endeavour to survive in the new. When there is no longer historic justification for those sectarian movements, communists must lead the direction. Hence, a theory is important for a movement.

Summing up, India today is witnessing a partial tempo of social development in spite of reactionary forces, under capitalist contradictions. There is the prospect of catastrophic conflicts as the outcome of imperialist wars, inevitably culminating in revolutions. There is the growth of revolutionary movement in all countries throughout the world. There is U.S.S.R. representing a system of progressive social forces against an imperialist system of international states. Therefore, a revolution, other things being equal¹⁸, is inevitable in India.

III

What is this theory of independence? Is there any justification for such a special theory of national colonial revolution? We are justified in thinking so, because we are confronted with special laws

of the development of the national colonial revolution in the epoch of imperialism and proletarian revolutions.

The first distinguishing peculiarity follows from Leninist characterisation of the present epoch. He characterised the present day capitalism as one which "has grown to be a world embracing system of the colonial oppression and financial strangling of the gigantic majority of the population of the world by a handful of leading countries. He pointed out that all the basic contradictions of capitalism, of imperialism which are leading to revolutions are connected with the plundering of the population of the world. So also are the basic contradictions in the working class movement which have led to embittered struggle with the second international. Thus, the imperialist epoch inevitably confronts us with the problem of the colonial revolution. This problem is not raised in any accidental fashion. The imperialist epoch, as Lenin points out, evokes the most widespread and universal oppression of the colonies and expansion of financial robbery. It gives rise to the policy of struggle against national oppression. It promotes the struggle of the proletariat against the bourgeoisie. It promotes consequently also, the possibility of revolutionary national insurrections and wars, of wars and risings of the proletariat against the bourgeoisie and of a union of both forms of revolutionary wars. Marx and Engels, analysing in their time the events in Ireland, India, China, and Countries of Central Europe, Poland and Hungary, gave the basic leading ideas in regard to the national-colonial question. Lenin in his works based himself on these ideas and gave a consistent theory of colonial revolution with a distinct contribution of his own.¹⁹

The second peculiarity lies in the fact that in the present epoch the national-colonial movement does not develop in isolation but in closest mutual interaction with the struggle and upbuilding of the first socialist state in history. The international alliance of the socialist democracy, also known as the Alliance of Social Revolutionists contains

the following item. The social question cannot be definitively and effectively solved except upon the basis of the international solidarity of the workers of all lands.²⁰ As we have noted already, local conditions cannot be ignored. Stalin admits that revolutions are possible by local causes alone. The resolution of the second congress of the communist international on the national colonial question, speaks of the Soviet Union as the key uniting link between the proletarian socialist revolution and the revolutions of the colonial peoples. In developing its socialist structure, the Soviet Union at the same time develops as the direct counterpoise to the international system of the imperialist states. Soviet Russia, as Lenin points, as the champion of socialist construction was called upon to be also the organiser of the international struggle against imperialism.²¹

The third factor in the national colonial problem consists in the fact that the development of the class contradictions in the anti-imperialist revolution is proceeding under special historical conditions – under the conditions of the general crisis of capitalism and under the influence of the successes of socialist construction in the U.S.S.R. Those class contradictions which under ordinary “normal conditions would have ripened during a period of decades, and perhaps of centuries, during the present epoch are ripening with enormous rapidity. There is decay as well as progress as in seen in China and India. The national colonial revolutionary movement encounters the sharpening and deepening of the class contradictions in the colonial sphere. It cannot evade them nor leap over them. These contradictions, direct the whole of the general development towards the union of anti-imperialist and agrarian – peasant revolution. They create the objective-preconditions for the hegemony of the proletariat in the general national struggle. They bring together and join in a fighting revolutionary union the working class and the peasantry of the colonies and semi-colonies. They impel the workers and peasants of the

colonies to take up and make their own the Soviet experience, to adapt its application concretely to their own national conditions. This is the third special feature of the development of the national-colonial revolution under the present circumstances.

The fourth peculiarity consists in the possibility of the passing of the backward people on to the path of non-capitalist Soviet socialist development. The toiling masses of the colonies and semi-colonies do not only adopt the Soviet formula of the dictatorship of the proletariat and peasantry. They do not only make use of the weapon of revolutionary dictatorship for the overthrow of the imperialist yoke and for the feudal-landlord structure. They put this weapon into operation in order to make a jump over the capitalist stage of development. So declared Lenin at the second congress of the communist international. The transition of the backward nations on to the path of non-capitalist evolution is possible only on the basis of the preliminary realisation of the Soviet dictatorship of the proletariat and the peasantry, on the basis of the liquidation by Soviet methods of all forms of pre-capitalist and bourgeois exploitation.

Rising socialism and decaying capitalism are struggling with one another in the world arena. In the final analysis, the colonial people have to choose between the imperialist clique and the Soviet example. This does not mean that even the first stages of the national colonial revolution exclude leadership by the bourgeoisie or even bourgeois – landowner elements. To make such an assertion would be to refrain from a concrete, dialectical, historical class approach. We must not forget the internal class dialectic of the revolutionary struggle. Hence bourgeois leadership is necessary in the early stages.

Marxism-Leninism is not satisfied by a simple noting of contradictions, it makes its task to discover the law of the development of the contradictions. The law of inequality of the whole social development on an international scale in the present epoch determines

the conditions of development of the national revolution. This provides the key to the theory. "Inequality of political and economic development is an unconditional law of capitalism."²² This inequality arises from the fact that under capitalism the whole social development is regulated by the spontaneous variations of the market, by the adaptation to the latter of the various elements of economy, and the various phases of social life in all parts of the globe.

In the epoch of imperialism, the difference in the level of economic and political development of separate countries becomes the source of colonial robbery and financial enslavement of backward nations. Free competition gives place to monopoly along the whole front although monopoly does not do away with the anarchy of the market but only changes its form. The development of separate, autonomous parts of world economy is expressed in the form of the rule of financial oligarchy. Monopoly capitalism of the "leading" nations monopolises in its hands all the "achievements of civilisation". It not only attempts to deprive the backward nations of the opportunity of independent historical development, it not only attempts to perpetuate their slave like status as nations "outside of history", but it also mobilises all the "achievements of civilisation" in order to exploit, this historically determined backwardness. With this capitalism begins to decay and to disintegrate.²³

Imperialism in its development relies on the inequality of the development of the separate countries and of the various sides of the economic structure and superstructure. But as a result of this the political superstructure of the leading nations decays while the backward political superstructure of the people rising against imperialism appears as an instrument of revolutionary aims.²⁴

The law of the inequality of all social development on an international world historical scale

1) explains the basic contradiction of the world imperialist system which makes the present epoch of proletarian and national-colonial revolution.

2) provides the fundamental basis for the laws of the victorious construction of socialism in one country.

3) gives the basis for the struggle between socialism and imperialism in the field of the national-colonial revolution and the inevitability of the victory of socialism and

4) reveals the revolutionary dynamic and class dialectic of the national-colonial movements.

The law of inequality of development constitutes the historically indispensable mainspring of the national colonial revolutions. It determines the development of the national colonial revolution along an ascending scale, from nationalist to communist leadership. It also explains the Soviet transformation of the historical class basis of the movement and the possibility of the passage of the backward nations to the road of non-capitalist development.

Marx and Engels formulated the conditions under which the national revolution could count on victory. They are mass insurrection, revolutionary war, and partisan detachments.

In the present epoch, the colonial people, rising against one or other of the concrete upholders of the imperialist yoke, are compelled at the same time to rise against the whole international system of imperialist states. This gives rise to enormous difficulties on the road to the victory of the colonial revolution. In struggling for their freedom and independence the colonial slaves are creating something of the greatest historical significance. They are liquidating the parasitic inequality of capitalist development. They are those millions and tens and hundreds of millions, who 'constitute the greater part of the

population of the earth and who by their historical inactivity and torpor have determined up to this time the slowing up and decaying of many leading states." In breaking away for themselves from historical non existence to the future they are at the same time clearing the path to the socialist revolution in the leading countries. The backward nations pass through the historical school by an abbreviated revolutionary method. They develop themselves and become mature for bringing about the greatest decisions in the struggle with the imperialist oppressors, the local feudal and feudal-bourgeois strata and the counter revolutionary bloc of the bourgeoisie and the landlords.

The role of the working class and of its vanguard in the colonial revolution cannot be understood without understanding the dialectic of unequal social development. The working class of the colonial and semi-colonial countries concentrates in itself all the contradictions of social development on an all-national scale. Without a revolution against imperialism, It is impossible to convert this semi - parasitic structure into a decisive weapon for the development of the productive forces in a backward country. Without union with the peasantry, the structure of imperialist rule is not to be overthrown. Without liquidating the land-owners and usurers as a class, without destruction of all the local feudal-bureaucratic elements, it is impossible to achieve national independence and freedom. The inequality of historical development, which for capitalism proves to be a source of parasitism and decay, accumulates for the revolution contradictions of an enormous explosive force. These contradictions determine the revolutionary "jumps".²⁵

IV

This theory of Independence is a happy contrast to the theories of Independence held by European statesmen in nineteenth century and even in our day. It rejects the reformist school of Tagore which insists that social reform should precede political reform. This view is

founded on incorrect understanding of the objective situation. Social reform is different from social revolution. To think that a social revolution is possible without rebellions of small nations in the colonies and in Europe without revolutionary explosions of a part of the small bourgeoisie with all its prejudices, without a movement of the non-class conscious proletarian and semi – proletarian masses against feudal, ecclesiastical, monarchical, national oppression – to think that way is to give up the social revolution. Whoever is looking for a “pure” social revolution, will never live to see it. He is a revolutionist in words only, but does not understand the real revolution.²⁶ In the first place, Tagore is not for social revolution. He is for reformism. In the second place, these words of Lenin would frighten the pink soul of Tagore. In this connection, it is interesting to note what Mazzini has said. “Do not be led away by the idea of improving your material conditions without first solving the national question. You cannot do it.”²⁷ But we have to bear in mind the difference in the content of Mazzini’s ideology and class dialectics. The national and social questions are intimately connected in this epoch of imperialism. One cannot be separated from the other.

Again the theory of the colonial revolution brings out one significant point. That is the necessity of middle class leadership in the early stages. The importance of class dialectics is clearly seen. The class conscious industrial proletariat in alliance with the peasantry and the lower strata of the masses, together with revolutionary youth, students and class conscious ideologists would be in opposition to lawyers, money – lenders, middle class leaders, senile poets and mystic fakirs. Here is staged dialectics on a grand scale, in a background of imperialism where the law of unequal social development takes place. Here are born contradictions of a tremendously explosive nature. In the words of Lenin:

“We must connect the revolutionary struggle for socialism with a revolutionary program on the national question. We demand the freedom of self-determination i.e. independence, i.e. the freedom of separation for the oppressed nations, not because we dream of an economically atomized world nor because we cherish the idea of small states, but on the contrary, because we are for large states and for a coming closer, even a fusion of nations, but on a truly democratic, truly international basis which is unthinkable without the freedom of separation.”²⁸ “The centre of gravity of the Internationalist education of the workers in oppressing countries, must take the form of insisting upon the right of oppressed countries to secede and set up for themselves. Short of this, there is no internationalism.”²⁹

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5. Lenin Works, Russian Edition, vol.V.p.138, quoted by Stalin op. cit., 94.
6. Lenin. Works, Russian Edition, vol. V.p.136, quoted by Stalin, op. cit., 95.
7. Stalin, op. cit., p. 95.
8. Stalin, op. cit., p. 97.
9. Stalin, op. cit., p. 96.
10. Ibid., p. 100-101.
11. Stalin, op. cit., p. 276. H. Dodwell, "A sketch of the History of India from 1858 to 1918", 1925, p. 6-8 "A middle class both higher and lower with an economic rather than a hereditary basis has established itself in India." "A class of proletariat labor is visibly forming round the class of Indian industrialists." "Alongside of this new class we find a nascent industrialism." See Royal Commission on Labour.
12. R.C. Dutt, "The Economic History of India under Early British Rule", 1908. (Third Edition), Preface XVIII.

"The people of India are not fond of sudden changes and revolutions. They do not ask for new constitutions; issuing like armed Minervas from the heads of legislative Jupiters. They prefer to work on lines which have already been laid down. They desire to strengthen the present government and to bring it more in touch with the people. They desire to see some Indian members in the Secretary of State's Council, and in the Viceroy's Executive Council, representing Indian agriculture and industries. They wish to see Indian members in an executive council for each province. They wish to represent the interests of the people in the discussion of every important administrative question. They seek that the administration of the Empire and its great provinces should be conducted with the cooperation of the people."

Sir Surendranath Benerjee. "A Nation in the Making", p. 402-3. "We Hindus abhor revolution and even the semblance of it. Evolution is our motto and here we follow the intonations of nature."

13. Stalin, op. cit., p. 277.
14. Ibid., p. 101

15. See Stekloff, "History of the First International", p. 356 and 433 and 161
16. Stalin, op.cit., p. 103.
17. Lenin Works, Russian Edition, vol.XVIII,p.172, quoted by Stalin,p.108. See also p. 279. N. Lenin, "Left Wing Communism - an Infantile Disorder", 1920,p.65.
18. Which I developed in my paper "Theories of Revolution" and "Vision of a Social Engineer".
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PLAN FOR ECONOMIC DEVELOPMENT OF INDIA

[A Critical and Historical Survey]

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PREFACE

The manuscript of this book was handed over to the publishers in March, 44. Since then literature on planning has been coming out in increasing proportion. As the book has taken long to come out it is too late to review this literature and I propose to do it, when this book comes up again for a new edition. Meanwhile I request the readers to read it bearing in mind the fact that it was written a year ago.

Madras
18th March, 45.

K.B. Krishna

INTRODUCTION

Economic thought in India, like the political, is a product of the West. As early as 1892, Ranade pleaded for a historical, concrete, relative study of Indian political economy. His plea for such a study was the expression of the social need of his times which was the revision of "free-trade" into "protection." Save for this, economic thought in India remained borrowed. (Prof. D. G. Karve, "Ranade, The Prophet of Liberated India." Poona, 1942. p. 43, 47). Where the 'interest of the mercantile and business classes demanded, they borrowed as much of political economy as suited them. The substance of such required political economy could not be anything more than a demand for protection and industrialisation. With the limited realisation of these ends, the creative urge for political economy ceased. It was only two years ago that Prof. Nyogi and Sir Manilal Nanavati have stressed again for a realistic, concrete study of political economy. They deplored its descriptive character, its idealised, abstract, isolationist approach.

In politics as early as 1823, Raja Ram Mohan Roy, 'the father of Indian Renaissance' urged for a creative borrowing from the West. While the later political classes borrowed from 19th century Anglo-Italian liberalism, Raja Ram Mohan Roy preferred the study of Bacon to the study of Sanskrit. Bacon was the trumpeter of a New Age. He stood at the junction of the 16th and 17th centuries, centuries of rising industry and science. He believed in yoking knowledge to action. No wonder Raja Ram Mohan Roy considered the study of Sanskrit worthless.

(See letter No. 142: pp. 250-252 dated 11th December 1823 in 'Raja Ram Mohan Roy and Progressive Movements in India.' A selection from records 1775-1845, edited with an historical introduction by J. K. Majumdar, Calcutta, 1941, Intro, xlv). Whether it was Bacon, Mill, or Mazzini, they served the ends of the classes in the early as well as in the later period of the Indian Renaissance.

A reaction has set in. The borrowed sciences have begun to have their laws of development. The ends are getting divergent. A re-adjustment has become necessary. That is why we find, both in Politics and Economics our dependence on the western thought, is obsolete and no longer corresponds to our modern needs.

Planning is one of such ideas that also found an echo in India. Of late, many writers, both eastern and western claim, a golden age of planning for their respective countries. J. C. Kumarappa claims that India had known planning since the very ancient times and that the Russian planning is only a child's play. ("The Gandhian Approach to Planned Economy." p. 1) Such claims are not only unhistorical but romantic exaggerations.

The theory-relating to planning as an integrated social philosophy dates with Marx and Engels. It is U.S.S.R. that translated the theory in accordance with its conditions in 1928 (and in fact much earlier if we take into account the Goelro plan formed in 1920 on the initiative of Lenin), which found expression in the First Five Year Plan and subsequently in the Second and Third Five Year Plans. From the beginning down even to the Russo-German War, there was not only picking up holes in the plans but a frontal attack against them in the opposition circles. The Continental and the London-Cambridge Schools have voiced their misgivings and doubts. Of late, this has changed. With this change came a fashion for planning,

A circumstance of great magnitude in the world economic crisis which began in 1929 shook the foundations of the system based on

private property relations. This equally disturbed the basis of their institutions and ideas. Planning which had hitherto been pursued as a municipal local affair, as in Britain and U.S.A., came to be the leading national idea. It took roots in U.S.A. deeper than in Britain, because the crisis was most severely felt there. Planning within the ambit of private property found expression officially in the New Deal. Down to 1933 when the crisis reached the worst phase, literature on planning in U.S.S.R, was the order of the day. The 36th Session of the American Academy of Political and Social Science devoted itself to National and World Planning. Paul Blanchard in his paper on "Socialist and Capitalist Planning" writes:

"In the face of this crisis a new cult has arisen among American economists. It is a cult of Planning. The movement for economic planning has assumed band wagon proportions. The American Federation of Labour, the Civic Federation, the New Republic, Governor Roosevelt, and the United States Chamber of Commerce have all climbed on the wagon. Even President Hoover has climbed on the wagon," (July, 1932, p. 6).

R. M. Maciver—a sociologist—in his study of the situation caused by the crisis wrote: "The depression was at its deepest, when the committee began its labours in the first months of 1933." (Economic Reconstruction Report of the Columbia University Commission, New York, 1934. p. 6.) It even transcended national bounds. It gave rise to several Utopian pessimistic and world order philosophies. Spengler epitomised this philosophy in his "Decline of the West" and "Man and Technics." In England, a Christian philosophy arose as revolt against mechanism, (L. P. Jacks: "The Revolt against Mechanism", London, 1934), a modified return to the Luddite philosophy minus its attack on machines. While Spengler wrote of a flight from machinery, Jack hoped for a time when machines will be mastered and not destroyed. (Ibid p. 76) In fact the crisis revealed not a flight from machinery but a

return to it. Literature on technocracy and technology became abundant. It looked as though a new world with new ideas came into conflict with the old. A World Economic Congress was held at Amsterdam in 1931. National planning as part of world planning is a product of the world economic crisis. This has been voiced by L. L. Lorwin of the Institute of Economics of the Brookings Institution, Washington, at the World Congress. "The principle of planning seems to call for a world economic policy which strikes out along new lines." (The material contributed to the 'World Social Economic Congress' Amsterdam 1931 is published by the 'International Relations Institute' under the title of "World Social Economic Planning." The Hague, 2 Vols. 1931-32... See also E. A. Gutkind "Creative Demobilisation, Vol. I. Principles of National Planning." London 1943 p. 15). In England, on behalf of the Auxiliary Movement, Louis Anderson Fenn wrote in 1933 "The project of a planned World," In Toronto, Canada, the League for Social Reconstruction published a work "Democracy and Socialism" with a chapter on planning. The Second Summer School of the Australian Institute of Political Science held at Canberra in January 1934, devoted its attention to problems of "Economic Planning". (Seven papers were published: 'National Economic Planning' Edited by W. G. K. Duncan, Sydney 1934). Meanwhile, despite the veiled and frontal attacks on planning in U.S.S.R. the phenomenal success of her planning forced the world of economists and writers to revise their ideas and the increasing crisis gave further impetus to the idea of planning. At the same time, it gave rise to the opposition school, especially on the continent. Hayek, himself an adherent of this school, expressed the opposition in his "Collective and Economic Planning." (Some of the essays were written before the crisis and they were edited and published during the crisis in 1932.)

The distinguishing feature of the World Economic Crisis is that it was all-embracing. It affected all countries. It affected agriculture and colonies. Hence the widespread zeal to do something to set the

house in order. The World Economic Conference was held in 1933. After the crisis, a temporary boom followed. Much literature expressing a new outlook and a change in the old *laissez-faire* policies came into existence during this period. Plans for re-construction, pleas for national policies and cooperation between various conflicting interests were some of the current economic expressions in 1934 and the following years. The Federation of British Industries in a memorandum to the Government, dated October 12th, 1933, said: "The federation believes that the economic recovery of this country largely depends on the closest possible co-operation between Government and Industry," ("Re-construction—A Plea for a National Policy," London, 1934. p. 52.) The Macmillan Committee expressed the view that the British financial organisation concentrated in the city of London should coordinate more closely with the British largescale industries. (Ibid p. 65: para 397, p. 171.) This was at a time of financial crisis in England which followed U.S.A. in 1931-32.

In U.S.A. as part of the New Deal Programme, the National Resources Board was created in 1934, which made important contributions to the economic and sociological literature of the day—all within the limits of private property relations. These discussions continued down to the outbreak of the present world war.

This war has again revived the old ideas of re-construction and planning in a new setting. Schemes generated in a period of crisis, die with the end of crisis. Sir William Beveridge's scheme for social security is a logical completion of the ideas of Lloyd George and Winston Churchill begun years ago. (Sir William Beveridge: The Pillars of Security and other war-time essays and addresses. London 43 p. 57). The phenomenal success of the Red Army and her war economy against the Fascists created in turn a new appreciative attitude towards Russian planning. If the Russians could do it, why can't we do it ? That became the slogan of the day.

The battle of Britain, like the world economic crisis in U.S.A., produced re-construction schemes in Britain. The devastation caused to the British cities and the churches, mingled with patriotic sentiments, gave rise to a vast economic literature on city and housing plans, which is now on a par with that produced in U.S.A. since 1929. British writers themselves acknowledge this fact. Under the editorship of Karl Mannheim, a series of books have now come out voicing the new sociology of planning. 'Man and Society' published in 1935 in German, appeared in English in 1940 which expresses this new sociology of planning under the aegis of enlightened democracy. In a later work published in 1943, he expressed this philosophy as one of the lessons of war economy. ("Diagnosis of Our Time "War time Essays of a Sociologist, p. 38) The Oxford Conference on Town and City Planning, the Barlow Committee, the Scott Committee, are some of the expressions of this new interest in sociology of planning.

But U.S.S.R., unhampered by crisis, poverty and unemployment, which are a regular feature of a system of private property relations, but hampered by capitalist encirclement, went on from plan to plan in an "ordered sequence" to the third one when the war switched her whole country to a war-economy. In U.S.S.R., planning is not a fashion but an integrated philosophy of her system of socialist relations.

India did not escape the world economic crisis. Ever since 1920, some sort of nation-building schemes were up in the air. By the end of 1935, we find the Indian Economic Association inaugurating discussion on planning. It is in this world context and the specific situation in India that we have to trace the echo of planning in India.

CHAPTER – 1

THE GENESIS OF PLANNING IN INDIA

A. Visvesvarayya, Pioneer of Planning in India

We must distinguish planning from 'economic writing,' although planning forms a part of economic literature. Romesh Chandra Dutt is the father of economic historians in India. Dadabhai Naoroji, Ranade and Gokhale are our early distinguished economists. In fact Ranade is the father of Indian political economy. (Mr. G. V. Puranik: Welcome Speech, Proceedings, 2nd Conference A.I.M, O., Poona 21-22nd March 1942, p. 4, Karve, 'Ranade' op. cit. p. 47.) He is also the founder of a new historical and sociological method in the discussion of economic affairs. (D. G. Karve "Ranade and Economic Planning" Conference Number. Indian Journal of Economics. Vol. XXII. Jan. 1942. p. 235). He is made out by some that to be also the pioneer of planning in India. Professor Karve is one who makes this claim. (Ibid, pp. 239-240; 'Ranade.' op. cit Chap. VI.) It is true that in the writings of Ranade, we find him mention the word 'plan.' (M. G. Ranade "Essays in Indian Economics" Madras, 3rd edition, p. 92, quoted in Karve, op. cit. p. 122. "This then is our plan.") But this by itself does not entitle him to being called a pioneer. In that case, every economist who wrote on some aspect of economic affairs is a pioneer of planning. Ranade tackled the problems of the day as a Mercantilist would. He suggested many measures, no doubt, to solve the problems of the day. Suggesting measures is not planning. Planning is more comprehensive. Ranade could have done it. In dealing with

social problems, he employed a method, which entitles him to be the founder of "Sociology in India." He did not apply this method consistently to Politics or Economics. The his-torical method he followed in Political Economy was solely dictated by his own interests as a member of Prarthana Samaja and the West Indian Industries' Association. The problems of his day did not call for a planning but for a constitutional agitation for redress of grievances, for remedial measures, for reforms. His writings consist mostly of such measures and pleas for reform.

Again we must distinguish "nation-building" from 'planning,' although nation-building is part of planning. G. A. Natesan has edited a series of books on the leaders of India with the title 'India's Nation-Builders'. With them, nation-building is part of political activity. It is part of agitation, organisation and demand for freedom for the country. This involves planning no doubt. If we use the word in this wide sense, every activity involves planning. The word "Planning" comes to the forefront of world's literature especially in a period of acute capitalist crisis. It has been foreseen even before a pre-monopolist phase of capitalism by Marx and Engels, who advocated "planned production" to "anarchy in production." But it came to be used widely with the advent of a socialist state in U.S.S.R.

The authors of the Plan of Economic Development for India believe that "the conception of a planned economy for India is very largely due to the National Planning Committee." (p. 11.) This is incorrect. The pioneer of planning in India is Sir M. Visvesvarayya, the veteran engineer economist. In 1920, he has written a book. "Re-constructing India." He wrote: "The first lesson to be drawn from this survey by the Government and the people of India is that industries and trade do not grow of themselves, but have to be *willed, planned and systematically* developed." (Ibid p. 133). Here we find the emphasis for the first time, in a capitalist, feudal, imperialist limitation, on *conscious purposive* direction.

In 1926, B. K. Sarkar, has published a "Scheme of Economic Development for Young India" (Calcutta). It is neither a scheme nor a plan. In 1933, Visvesvarayya published "Industrialising India: Constructive Policies and Plans." This was re-published in 1937. Herein he stressed the need for industrial survey (pp. 10). In 1934, when the economic crisis was already being felt in India, he wrote his "Planned Economy for India." In this he set out his philosophy of planning. He proposed to bring all *economic problems* of India into one conspectus: "to prepare an analysis of Indian conditions and examine how they stand in relation to foreign countries; to concentrate attention on increasing production and the use of modern tools and machinery; to obtain for the work all the guidance that can be had from foreign experience; to mobilise the country's resources in men and money to give effect to the plan; to review progress periodically and maintain a record from year to year." These, he describes, are the *objects* of the Plan, (Ibid. p. 8). Here we note for the first time, a comprehensive objective of the plan laid. The emphasis is mostly as always in his writings and his speeches down to his address at Nagpur (18th March 1944), on *survey, study* and *review*. From 1920 onwards he has been systematically complaining against the inadequacy of statistics and reports, (Ibid, p. 11, 45, 57, 58, 59, 355).

During his foreign travels he had occasion to study the economic conditions in the period of the crisis. He is clear as to the pattern of planning he wants for India. He does not wish to alter the system of private property relations. He writes: "The Indian plan should avoid communistic tendencies; its basic policy should be to encourage collective effort without interfering with individual initiative. The development should be more on the lines followed in the United States of America and in Turkey." (Ibid. p. 8). While U.S.A. and Turkey both represent a system of private property relations, they belong to different stages of development of that system. In U.S.A. capitalism is advanced, monopolist, and at

the time that Roosevelt came to the helm of the State, it was in its phase of acute crisis. By mobilising the whole resources of the country, Roosevelt was able to stem the tide to a certain extent. The New Deal aimed at '*relief, recovery and reform*'. In Turkey capitalism is young. It has still a progressive role to play. Uneven development of capitalism is a feature which we cannot ignore. In India, the social regenerating work begun by the British conquest is left incomplete. Feudalism is not dethroned. The divine right of landlordship still prevails. The State itself is a hindrance to the development of capitalism. He has not analysed these points in detail. He has no clear conception of the State. His opinions on the State are contradictory. In this he is one with a host of Indian writers. At times, he admits that "the present Government by the very nature of its constitution is unable to initiate economic planning or to make any courageous advance in that direction." (Ibid p. 356. See also Y. G. Krishnamurti: "Sir M. Visvesvarayya— A Study ", 1941. p. 58.) At times he wishes that the State would come to the aid of Indian industries. (Ibid. p. 98.)

Nevertheless, of a preliminary need for a survey, report, study and review of the conditions, he is the unceasing exponent. Since 1940 he is associated with the All-India Manufacturers' Organisation as its President, (hereinafter called A.I.M.O.). He is popularising the idea of starting two heavy industries in each province and a Five Year Plan for the development of India. He has included in his programme, district drive, for industrialisation and rural reconstruction. He was for some time a member of the National Planning Committee and for reasons unknown, he resigned. It is likely that the pace of industrialisation set up by the Committee was not pleasing to him. The slogan 'Industrialise or Perish' came now to be associated with him. Today we have another slogan 'Plan or Perish.' At the fourth conference of the A.I.M.O, he has given his blessings to the Tata Plan. (Fourth Annual Conference. Nagpur, 18th March 1944 p. 8). He said: "This is the first time that a development

plan of this kind affecting the higher and permanent interests of the population has been advanced either by Indian businessmen or by Government”.

The Work of the A.I.M.O. 1940-44

The All-India Manufacturers' Organisation arose out of the Association of Indian Industries (1935) in 1940 to protect the interests of the small and medium scale industries. While it was founded with that objective, in the last two Conferences it has stressed the All-India character of the industries. It has held four Conferences. Its main object is to industrialise India. At the Baroda Conference 1943, it was decided:

“That two new heavy industries should be started in every Province of British India as soon as the war is over and that preparations to that end should be put in hand immediately.

“That an intensive effort should be made to develop minor and cottage industries in every district.

“That the growth of all classes of industries, including the above should be encouraged on an All-India basis by means of a Five Year Plan.”

They have been carrying on this programme as much as they could. At the 4th Conference, a favourable report was made on the progress of this programme. They have prepared for every province an approximate statement of industries which at present exist in their midst as well as a new list of industries for which there is *room* or *scope* for development and which may be started with advantage in the province. They have published various monographs which help the industrialists in that direction. They have also published a monograph on district drive for industrialisation.

As for the third object they are collecting data for the drawing up of a plan. In its modest way, it has done a lot of spade work. Although

it is in existence for the last four years, it has not yet drawn the plan. It is carrying on intensive work as a preparation for the drawing up of a plan.

The publications are well received by the public and some of them have gone through several editions. (See the Proceedings of the Conferences, A.I.M.O. and their publications.)

CHAPTER – II

THE INDUSTRIES CONFERENCES

A. Industrial Planning

Like everything else with the Government of India, the Conferences of the Directors of Industries of various provinces arose out of *administrative needs* to centralise and coordinate information relating to industries in India. The first Conference took place during 12th-14th April 1920. But it had nothing to do with planning. It discussed the idea of a central department of industries and labour which would be "a kind of clearing house of information, through which the experiences of one province could be brought to the notice of directors elsewhere to guide them in their ventures," (Sir Thomas Holland's Presidential Speech. Proceedings in Bulletin of Indian Industries and Labour No. 1. 1921 p. 3.) In fact, the Departments of Industries in various provinces at this time (1920) were not fully equipped and organised. A census of production is an important pre-requisite for any effective planning. Industries at this stage were not sufficiently developed. Nor had the Government any interest in undertaking such a work. But this question presented itself while considering co-ordination of industrial and scientific research. Ill-equipped as they are, the departments could not undertake a census of production. (See Proceedings, 2nd Conference. 1st-4th November 1920. Bulletin No. 5. 1921. pp. 51-52.) The question was discussed again at the Fourth Industries Conference. Mr. C.A. Innes, the President remarked:

“One of the main difficulties was that of the staff by means of which such a census could be made and as nothing could be done towards achieving the object in view, except through local governments, it has not been found possible to proceed with the same on an all-India basis.” (Proceedings of 4th Conference: Bulletin No. 27, 1922. p. 12.)

At the 5th Industries Conference, 13th-15th July 1923, the Government of India stated that a census of production could be undertaken only in large-scale establishments and not in small ones. (Bulletin No. 50. p. 32.)

In 1934, Bowley and Robertson reported a scheme for an economic census of India with special reference to a census of production and re-organisation of statistics. They stated that they have discussed the proposals with the Chambers of Commerce and individuals in Calcutta, Bombay and elsewhere. They found that a great many of them were in favour of such a census. (Bowley-Robertson Report, p. 17.) By 1936 industries were sufficiently developed that the memorandum of the Madras Government stated that a need for such a census was becoming manifest. (Proceedings, Tenth Industries Conference 1939. Bulletin No. 67. p. 58.) The question is now left to provincial governments and the Bombay Government is undertaking such a census. (Report of the Director of Industries 1941-42, p. 18 and 19.)

While the question of a census of production was thus in abeyance, matters relating to industrial and scientific research took some forward shape. From the Industries Conference arose the Industrial Research Council and the Industrial Research Bureau. The Government of India and the Provincial Governments were guided by the policy of the Council. The Research Bureau was the exclusive agency of the Council. A Research Branch of the Government Test House was established at Calcutta. (Proceedings—8th Industries Conference.)

By this time, the administrative needs gave place to war-needs, which *demand*ed a *coordination* of industrial and scientific research

for *furthering war efforts*. The Research Council and the Bureau were abolished. A board of scientific and industrial research was created in April 1940. The Director of this Board was given the use of laboratories of the Government Test House at Calcutta. (Proceedings of the 12th Industries Conference: 1940. Bulletin No. 71. pp. 29-30. Proceedings of the 13th Industries Conference 1942. Indian Information, Feb. 1st, 1942. p. 102.) The recommendations of the Bowley-Robertson Committee concerning the need for coordination of statistics were considered by the Government and the Industrial Statistics Act was passed leaving the initiative to be taken in this matter by the provincial governments.

When Lord Reading was Viceroy (1921-26), he thought of undertaking planning on a big scale. He said: "When I was Viceroy I sometimes had some such idea of intensive planning on a big scale but I was too busy on day-to-day administration ever to get down to it. I doubt if any Viceroy will ever find the time." (Quoted by Arthur Moore in T. K. Dutt: 'Hungry Bengal'. Lahore, 1944, p. 155.) No one could undertake a plan by himself. The Viceroy could have taken the initiative and directed the administration to undertake it. But he did not.

All this is to show that the Government took these modest steps only when impelled by administrative and war-needs. The other pressure was the development of industries which have been making a steady progress since 1927 and the war has also given them a means for demanding from the Government measures to strengthen and protect these industries.

The question of planning has not yet become a part of the Government programme. The 10th Industries Conference, 1939, is important for raising the question of planning for the first time by the Government of India. The question of an All-India Survey was first discussed at the third session of the Industrial Research Council. On the basis of these discussions Punjab and Bengal submitted memoranda to the Ninth Industries Conference held at Lahore in 1939.

The Punjab memorandum stated that information regarding the available raw materials, output of manufactured goods, markets and the like was wanting. It further stated that it is impossible to carry out an effective programme of industrial development without complete surveys. It suggested an industrial survey on an all-India basis.

The Bengal memorandum emphasised "the desirability of conducting a thorough and well-planned survey of India's natural resources with a view to ascertaining the kind and quality of the basic ingredients, the sources and extent of their availability, the present method of their disposal, and if the supplies are adequate to meet the entire Indian demand". It desired the survey to be conducted in collaboration with the Director of Geological Survey, the Inspector General of Forests, and the officers of the Indian States. It suggested the following points for discussions:

- 1) The desirability of preparing a schedule of "key" industries deserving of special state recognition and encouragement.
- 2) The consideration of the nature and extent of the difficulties and deficiencies which are retarding the establishment or growth of such industries and the means of overcoming them,
- 3) The desirability of giving suitable publicity to the existence of such resources in the country as are not up till now being properly utilised so as to invite attention of the capitalists to the suitabilities of such industries.
- 4) The preparation of a list of indispensable prime materials which cannot be had in India at present and got to be imported, and consideration of ways and means as to how best such supplies can be assured by suitable trade agreements and other means.

These memoranda look impressive and scientific at least on paper. What has been done towards this end is the most important thing to look for.

The Conference agreed to bring these points to the notice of the Provincial Governments with a view to arranging for coordinated action to be considered at the next Conference. The points were:

- 1) Undertaking of *an important survey* of the country, both in respect of raw materials and manufactured goods.
- 2) Drawing up of a *regular programme or plan* for the establishment and development of industries of national and economic importance.
- 3) The need of *encouraging inception of "key" industries* in India.

On the basis of these discussions the Deputy Secretary to the Government of India in 1938 sent a letter to all the provincial governments with observations of his own in a memorandum requesting them to make their own suggestions on the following points: (These are mostly those of the Bengal memorandum.)

- 1) "Preparation of a schedule of "key" industries.
 - 2) A survey of natural resources for which purpose the Geological Survey, the Forest Service and *other Services* would collaborate.
 - 3) Difficulties and deficiencies retarding the establishment or growth of such industries and the means of overcoming them, to be considered.
 - 4) Publicity to be given to available resources and facilities.
 - 5) Preparation of a list of indispensable prime materials not available in India at present and consideration of the means required to assure supplies by suitable trade agreements and other means."
- (No. 141 S(7). '38, dated 5th October 1938. Proceedings of 10th Conference. Bulletin No. 67. pp. 54, 56.)

The replies sent by the provincial governments are very important, as they disclose the *economic conditions* and *pre-requisites*, necessary for a successful planning.

The Madras memorandum stated that the knowledge of mineral wealth of the province was meagre, and they were faced with the difficulty of obtaining an accurate knowledge of the mineral and geological resources of the province. They suggested that a census of industrial production was necessary. In drawing up a programme or plan for the development of industries they stated that preference should be given to those industries which utilise indigenous raw materials and for the finished products of which there is a sufficient demand within the country (Ibid pp. 57, 58-ff, 68).

The Orissa memorandum is more interesting. The keynote of this memorandum is that this whole work could not be done by one man. It said: "Paper, sugar, cement, and other articles of large-scale industries involve highly complicated processes and it *will be presumptuous on the part* of any department of industries to offer any advice or help to them (manufacturers). . . *No one person will be able to offer . . . • • • advice and assistance to such a variety of manufacturers.* Each industry will require one expert and obviously he will not be the best man, for were he so, he himself would be absorbed in the industry." However, it has no objection to a detailed survey of the province. ... It said that the best agency to conduct such a survey will be a Geologist and an Industrial Chemist. It preferred an *industry-wise survey* to a *territorial survey*. It further remarked:

"Industries should be surveyed in the minutest detail to ascertain all the facts concerning each process of manufacture so that it can be determined *to which points, development should be directed.* ... The agency for these surveys should not be any *one person*. Textile should be tackled by a man who is trained in textile weaving; similarly with coir. But metal should be under a man with a certain amount of technical

knowledge. ." ...The 10th Industries Conference which discussed these memoranda looks again impressive. Discussion followed at the Conference on the basis of the provincial memoranda. At this time the Congress was in power, and the National Planning Committee came into existence. The Hon. Dr. Syed Mahomed (Bihar) moved the following resolution:

"That this Conference is of opinion that in view of the fact that an All-India National Planning Commission has been formed at the instance of various provincial governments and a committee of experts has been appointed for drawing up a coordinated plan of industrial development and this committee will take up the question of organisation of industries of national and economic importance and of the key industries, it is unnecessary for the Conference to go into the same question independently at this stage. It, therefore, requests the Central Government, as well as the provincial governments and States, to cooperate fully with the All-India National Planning Committee and to take steps to supply all necessary material and data and give such other assistance as it may require. This Conference is further of the opinion that the Report of the said All-India National Planning Commission be taken into consideration at a special meeting of, this Industries Conference, as soon as it is published."

The majority of the delegates supported the resolution excepting the Punjab. From the discussion, it appeared that they did not want 'parallel activity'. They desired that the Central Government should cooperate in every respect with the All-India National Planning Commission. They desired to consider the Report of the Commission when published. (Proceedings of the Ninth Industries Conference, 15th-16th December 1937, Bulletin No. 65, pp. 129-135. Proceedings

of the 10th Industries Conference, 23rd-24th January 1939. Bulletin No. 67. pp. 54-114.).

The activities of the Government of India concerning 'planning' ended in the year 1939. The war intercepted the work.

B. Character of the Reports

How is it that we have such excellent documents but very little done? In fact this is the feature of British rule in India. The reports of the various commissions that we now possess, barring a few, are powerful indictments of British rule in India. They are veritable 'engines of war' that could be used against the Government itself. The Simon Commission Report is an exception. It was hatched from the beginning to the end in political manoeuvres. I cannot share the enthusiasm of Coupland when he writes that it was a work of first-rate value to the library of British Political Science. ("The Indian Problem", Vol. I, p. 100.) On the other hand, the Reports of the Indian Industrial Commission, the Royal Commissions on Agriculture and Labour are weighty documents. The memoranda of the provincial governments and the Reports of the Industries Conferences contain excellent theoretical statements which indeed form the ground work necessary for successful planning.

Why is it so ? The conflict of interests and views of the various members that compose the commissions and reports forces them to come to as objective a view as possible, as the situation demands. Where no such conflict is forthcoming and where the views are favourable to the people and not to the Government. Such a report is a great disarming force... It satisfies the people. The Government promises that something will be done. Meanwhile, the reports get buried by time, save for occasional researches. The recommendations of such commissions are yet to be carried out. The fourth chapter of the Industrial Commission will still be true today save for some innovations that have taken place due to political and war pressure. (Indian

Industrial Commission, 1916-18, Report. Chap. IV. pp. 50-55). The recommendations of the Bowley-Robertson Committee are good ones. They have not all been carried out. The Universities have not yet carried out their recommendations of coordinating the study of economics with practical activity. Only in the field of industrial and scientific research some steps have been taken.

If planning is to be a serious proposition, such reports that the provincial governments speak of must be made available giving every authentic data possible for such work. Every provincial government must have an up-to-date 'Economic guide'. We have some directories and handbooks but they are inadequate.

Are such comprehensive reports that the provincial governments spoke of, available today ? Perhaps they are. If they are, why are they kept secret? The Congress when in power brought out some reports in GP., N.W.F.P., and the Punjab. (Report of the Industrial Survey Committee, C.P, 1939; "A plan for the Economic Development of the N.W.F. Province" by J C Kumarappa, Peshawar, 1940; "Industrialisation of Punjab" by Prof K T. Shah, 1941.) These reports are not comprehensive and are hastily made.

CHAPTER – III

THE INDIAN ECONOMIC ASSOCIATION AND PLANNING

We have noted already that the Indian economists themselves have unfurled the flag of revolt against obsolete dependence on Western thought. The dependence served a historical purpose. Mill served the economic and political interests of the educated and mercantile classes. Today, Mill is out of date in the West, and the circumstances in India and the interests of the emergent class-conscious classes in the progressive movement no longer need Mill. They no longer need Burke. They need a new approach to the problem. Two schools have grown up which have come to prominence during the period of the crisis, the industrial and the Gandhian school. The industrial school wants to go ahead with industrialisation. The Gandhian school wants to go ahead with cottage industries. There are those who think that the Congress is toying too much with industrialisation and those who think that it is flirting too much with cottage industries. The World Economic crisis intensified this conflict. Industries that were hard hit by the crisis, particularly the mill-owners were in a dilemma, divided in their allegiance to trade and politics, to Mammon and Gandhi. Agriculture that was also affected by the crisis found its champions in cottage industries. It found allies in modern Physiocrats, Indian Splenglers with their revolts against the machines. The literature in the West that attributed the crisis to machines found easy adherents in this school. The literature that reflected the progres-sive minds elsewhere found also an echo in India.

Planning is one of such ideas that came into vogue during this period for discussion. Not that there was no conception of planning before 1934. It was there in Sir M. Visvesvarayya, but it came into greater prominence for discussion after 1933. In 1934, G. D. Birla made a plea for planning, (Indian Prosperity—a Plea for Planning, 1st April 1934) at one of the annual conferences of the Federation of Indian Chambers of Commerce and Industry. It was based on the description of India's poverty, and his plan was a pious wish. Politics cannot be dissociated from plans. They are indivisible. His speech was a usual polemic, but not a plan., The integration of *politics* and plan under the present circumstances—such is the essence of a plan.

The 18th Indian Economic Conference discussed collectively for the first time planned economy in India. In 1934, the Crop Planning Conference took place as a sop to agricultural depression. It has also taken place to redeem the want of agricultural crop statistics complained of by the Royal Commission on Agriculture. (Royal Commission on Agriculture, Abridged Report. pp.75-78.) It, at the same time, set the idea of planning move from the government circles to academic ones. At the 18th session of the Indian Economic Association held in 1934-35, thirteen papers on different aspects of planned economy were read and discussed. It is not necessary to go into details of the various papers. It is sufficient to express in brief the general characteristics of the papers. Some maintained that there can be no half-way house between capitalism and socialism and that there are many external and internal difficulties in realising the full implications of planning. (H. Rahman: "Some difficulties of a Planned Economy in India", Journal of Economics, Vol. 15, 1934-35. pp. 363-370). Some maintained that a centrally-planned and coordinated industrial system could be very profitably incorporated into capitalistic economy. They believed that the experience of America and other capitalistic countries proved

that conclusively (K. K. Sharma: "Economic Planning for India". Ibid. Vol. 5. p. 378.) Some suggested "an advisory economic organisation for India" (B. N. Kaul. Ibid. pp. 632-648.)

In the general discussion that followed Professors Gyanchand and J. Kelloch struck the right note. In the preceding chapter, we have noted the want of an adequate survey, coordinated statistics and intensive studies of various aspects of economic life which the Government of India itself could not remedy. In view of such wants, we can see how ineffective planning could be.

A plan is not a programme. Nor is it a definition. Plans must be plans, not visions or definitions. The papers for the most were vague and visionary treatises and reflected an enthusiasm for a cause and an idea. Professor Gyanchand came to this conclusion in his paper: "But I see that neither we have clearly understood what it means and involves nor we have the means at our disposal for carrying out a far reaching and comprehensive change like planned economy," ("The Essentials of Economic Planning for India." Vol. 15. pp. 420, 421.) In summing up the discussion, he further said:

"Most of what is being said here or elsewhere in India on economic planning is platitudinous. All this talk of economic planning is based on confusion of ideas, and will only lead to purposeless frittering away of our very limited public energy and resources." (Ibid. 794-795.)

Rev. James Kelloch was equally frank and outspoken. He said:

"There is one comment which I think may justly be made, regarding several of the papers on planning which have been presented to the Conference, and that is, they outline a series of ameliorative measures for agriculture, trade, industry and labour, and then confer the word *planning* upon that outline. This sort of definition makes planning just a new name for investigations and activities that have been going more or less systematically in recent times. It tends to make planning fade

away into vague purpose or general aspirations." He characterised this as "an omnibus conception". (Ibid, pp. 794-795.)

On the eve of the Delhi Conference of the Ministers of Industries and the appointment of the Planning Committee, the 22nd session of the Indian Economic Association 1933-39 once again discussed planned industrialisation in India.

The Indian Economic Association in its prospectus defined that their objects were academic (Vol. II, 1918-19, p. 454) and the Patna Conference, saving a few, kept to its traditions.

CHAPTER – IV

THE NATIONAL PLANNING COMMITTEE

A. Genesis of Planning in Congress Circles

It is some two years after the Indian Economic Association has taken up planning for discussion, that the Congress came to take it up. Some individual writers contributed to keep the discussion going between 1935 and 1937.

The World Economic Crisis of 1929 and 1933 affected India. It was a period of great political upheaval, of commissions, boycotts, conferences, hartals and disobediences. The economic distress of the period was reflected in the Congress resolutions. They spoke of fundamental rights and economic programme between 1929 and 1936. "Appalling poverty, unemployment and indebtedness of the peasantry" is the phrase that recurs through in the resolutions, particularly in the year 1936. The All-India Congress Committee at its meeting held in May 1929, at Bombay, spoke of removing poverty and misery, ameliorating the condition of Indian masses and removing gross inequalities. The Karachi Congress of 1931 spoke of fundamental rights and economic programme. In July 1934, the Working Committee passed a resolution in favour of Swadeshi, encouraging cottage and small industries. In the same year, at Bombay, the Congress defined what the All-India Village Industries' Association is and placed it in charge of Mr. J. C. Kumarappa. This is a sop to agricultural depression. The year 1936 is significant. The passing of a resolution by the Congress at Lucknow on an agrarian

programme is coincident with general agrarian discontent throughout the country. The newly-born Kisan Movement was at this time barely two years old. The Election Manifesto of August 1936 tried to soothe this discontent and spoke of the last five years of developing crisis and the need for ending their increasing misery. The Faizpur Congress, held in December 1936, re-affirmed the agrarian programme of Lucknow. (For these documents see: National Planning Committee Handbook No. 1, pp. 1-8.) All these indicate a political programme, a general offensive against the Government and the landlords, and not a plan.

Only in August 1937, the Working Committee at Wardha spoke of a *scheme of national re-construction and social planning*. It realised that such a solution would require *extensive surveys* and the collection of data, as well as a clearly defined social objective. "The development and control of industries also require joint and co-ordinated action on the part of several provinces." It suggested an *expert Committee* to consider the problem. (Handbook No. 1, pp. 7-8.)

The Working Committee in July 1938 resolved to convene a conference of the Ministers of Industries to attend to the work of national re-construction and planning.

Such is the genesis of planning in the Congress circles.

B. National Planning Committee and the Commission

Who initiated the National Planning Committee ? There is now some discussion on this point. Some claim it was Nehru, others Bose. It is no doubt true that the Committee originated during the presidentship of Bose and was nominated by him. There is another claim. In his work on "A Plan of Provincial Re-construction as illustrated by Bihar", Dr. Syed Mahomed refers to a letter written to the Working Committee, urging the formation of such a Committee, (Copy of Demi official letter No. 14-D.T., dated Patna, the 11th June 1938, to the Honourable Ministers of Industries of all provinces, pp. 246-252.) He was the Minister

of Education, Development and Employment in Bihar. In absence of further documents it is difficult to decide who took the initiative.

The Conference of Ministers of Industries was held in Delhi on 2nd and 3rd October 1938 under the chairmanship of Bose. It appointed a Planning Committee and an All-India Planning Commission. (Handbook, p. 10.) Bose nominated the Members of the Committee. They were eleven in all. (Handbook, p. 12.) Two members, A. D. Shroff and Sir Purshottamdas Thakurdas (Handbook, p. 12.) are also Members of the Tata Plan. Sir M. Visvesvarayya was also a member. J. C. Kumarappa and N. M. Joshi were co-opted members, the one representing presumably labour, the other, the All-India Village Industries' Association. It was decided that the National Planning Commission was to consist of one nominee of the Government of each Province and State, four representatives of the Federation of Indian Chambers of Commerce, a representative of the All-India Village Industries' Association and all members of the Committee. (Handbook, p. 10.) It has no representative from labour.

National Planning Without Labour

The Conference passed resolutions in favour of industrialisation and promotion of large-scale industries. This is a recognition of the discontent of the businessmen who were hit by the depression, whose profits are getting low. Industrialisation was a panacea for them, as it is also for poverty, unemployment and indebtedness of the peasantry. But this is an indirect recognition of the discontent of the workers whose wages were getting low and whose means could not cope up with the rising prices. Industrialisation is a double-edged slogan: work for the unemployed, more and better wages for the already employed and wealth for the industrialists. It passed resolutions in favour of the manufacture of industrial alcohol and automobile industry. (Handbook, p. 11.)

The first session of the National Planning Committee took place on December 17, 1938. It agreed to the questionnaire to be issued on behalf of the Committee to the various Provincial Governments. It passed the following resolution:

"The Planning Committee is of opinion that the various Provincial Governments should create Provincial and where necessary Inter-Provincial River Commissions for the regulation, development and control of the various rivers, waterways for the purpose of providing—

- 1) Water for agriculture and industries;
- 2) Hydro-electric power;
- 3) Cheap transport;
- 4) Prevention of erosion, silting and floods, and
- 5) Safeguarding the health of the people.

The Commission should also consider and deal with problems of shifting river beds. (Handbook, p. 14.)

The Committee straightaway passed this resolution believing that the Congress Ministries in power had the requisite data and means for carrying out the above programme and basing on the known knowledge of the problem at the time. It was not a plan. It was a programme, a political *directive*, addressed to the provincial ministers. The first act of the Committee is a programme and not a plan.

C. Questionnaire on National Planning for India

In the explanatory memorandum it is stated that the questionnaire is necessary for the preparation of a "comprehensive plan for the economic development of India". It is addressed to "provincial governments, Indian States, organisations of trades, industries, commerce, labour and agricultural interests, firms and corporations, as well as to individuals who have devoted thought and study to the

general question of an all-round national planning, for the economic regeneration of the country." (Handbook, p. 15.)

On the basis of the replies sent to the questionnaire, the Committee itself realised that the task was a difficult one. The Chairman in his memorandum dated 4th June 1939, said: "The questionnaire was a difficult and exhaustive one and required considerable labour if satisfactory answers were to be given." (Handbook, p. 72). It is not a case of labour alone. It is a case of the availability of experts who could give an adequate answers to the questions. Some of the questions relating to Industrial and Commercial Statistics (Handbook, p. 37) could not be given by any single expert unless it was studied by a Statistical Commission, for some time at least Bowley-Robertson Committee (1934) noted the defects of statistics and the Government with its Industrial Statistics Act, and the Economic Advisory Board could not muster figures relating to the food, prices and famine situation in Bengal: "Our statistics are mere make-believes" said N. R. Sarkar. M. A. Haque said the same, in a more diplo-matic language. "The truth is," writes Santhanam, "that all statistics ... are unreliable." (K. Santhanam: "The Cry of Distress". Delhi, 1943, p. 20.) All the figures that we now have is to grace and adorn a few books and flourish what Morrison calls "statistical artillery".

Some questions cannot be answered except by the industrialists concerned, but they would not answer. The question relating to drawing up a scheme for localisation of industries can only be answered by a mixed commission or by an Institute of Planning which devotes itself to such problems.

Not that we have to wait for eternity till we get the right figures but knowing the situation at hand we have to mobilise the country for an Economic General Staff for such a task in the beginning itself. We have the Institute of Statistics. It will be the first one from its experience to recommend such a course.

From the list of those who replied to the questionnaire, it can be gathered that, with the exception of few individuals and universities, the replies have come largely from commercial and mercantile organisations like the Chambers of Commerce. (Handbook, pp. 67-68.) This is indeed significant. It discloses that the men who are primarily interested in planning are the industrialists. Their interest in planning is interest in industrialisation. Ranade pleaded for industrialisation ever since the beginning of 19th century. Visvesvarayya combined the demand for Industrialisation with planning. The National Planning Committee launched planning with a resolution on industrialisation. The campaign for a plan is a product of the struggle that has been *going on in* the Congress between *the* industrial and the agricultural groups for some time past. It is also the product of the economic distress caused by the crisis.

The Committee decided to publish the reports of the sub-committees. It would have been equally better if the Committee had decided to publish the answers to the questionnaire. It would have contributed a great deal to the discussion of economic questions in India, and the universities would have welcomed such a step.

Bowley in his latest work published the answers to the questionnaire on National Income. (Edited by Bowley, "Studies in the National Income, 1924-38", Cambridge 1942. pp. 3-6 for questionnaire, pp. 24-44 for answers, pp. 6-24 for summary and criticism of answers.) He notes that in spite of the existence of vast literature on the subject very few people replied. The few replies were published and he discussed them in his work.

A similar step has been taken in connection with agricultural planning in Britain. The questionnaire and answers from various institutes were published for a discussion. (E. A. Gutkind: "Creative Demobilisation. Vol. II: "Case Studies in National Planning," London, 1943.)

In fact, the Committee in its note for the guidance of Sub-Committees, realises the difficulties of drawing a complete scheme. It says:

"A complete scheme of planned economy is a vast undertaking requiring full information and data and the willing co-operation of the technical experts, industrialists, administrators and the public at large. It is a *progressive scheme* being continually adjusted to changing conditions and always *taking* advantage of the experience gained in its working. The National Planning Committee is obviously not in a position to draw up such a complete scheme nor does it intend to do so at this stage." (Handbook, No. I, p. 82, para 23.) It is from this standpoint of progressive realisation of a *scheme*, or "ordered sequence" that we have to welcome this attempt.

D. The Conflict between the Big and Small Industries

It is made out that in the Congress, there are no groups, no conflicting interests and ideas. Nehru himself admits that there are two groups in the Congress, the Gandhi and the modernist group. ("The Unity of India", London, 1942. pp. 123-124.) On another occasion he said that the Congress has within its fold many groups widely differing in their viewpoints and ideologies. (Ibid. p. 139, see also p. 169.) At the time of the breakdown of the Cripps proposals, 1942 he vehemently denied any group in the Congress. The groups in the Congress form and change according to circumstances. But, nevertheless, they are there. For this perhaps we find a constant phenomenon in the Congress, an attempt to reconcile the conflicts with an unconvincing dialectical gloss. We are familiar with the formula of "neither accepting, nor rejecting the communal award." Self-determination for nations with a right to secede is now admitted without a formal affirmation of faith or resolution. It is too recent. And now the UP. Congressmen are using

the word 'self-determination of nations' as an official Congress formula. Azad and Nehru no doubt admitted this view in their correspondence with Dr. Lateef. ("The Pakistan Issue", Edited by Dr. Nazir Yar Jung with a Foreword by Dr. S. A. Lateef; Lahore, 1943. pp. 114-120.) The Cripps proposals revealed the cleavages but they were publicly denied. We have another instance of this in the case of Industry and Agriculture. Nehru in his "Note on Congress Policy" 21st December 1938, displays the usual gloss. With the coming of Gandhi into Indian politics in 1920, hand-spinning and weaving became an integral part of *Congress politics*. In the course of time *ad hoc* statements of Gandhi on various aspects of economic activity in India gave rise to what is called "Gandhian Economics". That Gandhi has a consistent philosophy and method is now pleaded by various writers. (J. J. Anjaria: "The Gandhian Approach to Indian Economics" in the *Indian Journal of Economics*, January 1942. p. 358.) We hear of "Gandhian Approach" to planned economy and to the study of economics through J. C. Kumarappa. There is also a recently published book 'Gandhism Reconsidered' by Padmas. What we really find in these writers is not the discussion of the method but the ideas of Gandhi on certain economic matters. A method is different from an idea. We expect to find a method, as discussed by Wieser in his "Social Economics." or a method discussed by Marx in his "Capital." or one discussed by Max Weber in his "Protestant Ethics and the Spirit of Capitalism," or in Aurobindo who openly prefers an intuitive method to a rationalist one, or Ranade who had chosen a historical and sociological method, or by Russel in his "Scientific Outlook ". The scientific value of the conclusions depend a great deal on the method chosen by the writer. In U.S.S.R, questions of methodology form part and parcel of the tasks of the planners.

This is not the place to discuss in detail either the method or the philosophy of Gandhi. In brief, he believes in the old, simple village

economy, in village self-sufficiency. In earlier years, he was opposed to machinery. But now he says he is not against machinery but insists on discrimination in the choice of machinery. (J. J. Anjaria: "Gandhian Approach to Economics." Journal, *op, cit*) He *is largely responsible for the creation of the All-India Village Industries' Association and the All-India Spinners' Association*. During the last seven years of its existence, it is claimed that the All-India Village Industries' Association has done useful work for the betterment of conditions in the village. The Association is not against making use of technical improvements in their craft. But does not this lead to the displacement of labour, the very thing they wish to avoid ? The fault with this school is the theory with which they usher the move-ment. They claim that there is no inherent conflict between agriculture and industry. It is repeated by a large body of economists, politicians, businessmen and even scientists. For example, N. N. Sengupta says: ("Development of the Heavy Chemical Industries in India". No. 8 Bulletin of Indian Industrial Research, p. 38.) "There has never been, there never can be any conflict between agriculture and industries . . ." It requires a volume to deal with this question in its Indian aspects. The economic history of the world does not justify this view. The Indian experience itself can be studied in the pages of Ramesh Chandra Dutt and the debates that have taken place on the occasion of the passing of the Fiscal Bill. Subsequent history can be studied in the conflict of interests in the Congress itself between agriculture and industry. This is not to deny that at certain stages of the development of a society based on private property, the conflict between agriculture and industry is not visible and in a regulated economy, it is possible, they exist without visible conflict. In times of crisis and war emergencies, it has been possible that the two worked side by side. Today in China it is being done but under a regulated system of war economy. Attempts are now being made in U.S.A., Britain and other countries. Agriculture

today in India figures a great deal in Post-war Re-construction Plans. But the theory they hold in this respect is wrong.

We now come back to discuss how this question is glossed over by the Committee. In his Note on the Congress policy, Nehru says: "But there appears to be nothing in the Congress Resolutions against the starting or encouragement of large-scale industries provided this does not conflict with the natural development of village industries." (Handbook, p. 65.) It is precisely this conflict that is ignored. The whole course of our economic history describes this conflict. Despite the Congress, large-scale industries have grown up. Capital does not care for the view that village industries decay, in its onward march of self-expansion. When the crisis was acute in 1934, the Working Committee passed a Resolution at Benares, again stressing the importance of cottage industries. "It was further stated in this resolution", says Nehru, "that large and original industries are in no need of the services of Congress organisation or of any Congress effort on their behalf." This means that within the Congress itself, there is a movement to pit agriculture against industry. But there are others who try to hold the balance between industry and agriculture. Prof. K. T. Shah in his draft admits that industrialisation is necessary. (Handbook, p. 78;) Nehru also speaks of its necessity. How does the Committee balance industry and agriculture ? It is not by *reference to the concrete situation* in India, or by *reference to historical experience*, either in India or elsewhere, but by a pure *formal, legal and political* interpretation of the situation that they try to balance the conflicting views. Nehru says: "Now with the advent of Congress Ministries, the question of establishing and encouraging large-scale industries cannot be, ignored." Is this a reason, a theoretical reason for the Congress to be interested in large-scale industries? Does this avoid conflict with agriculture? Before and after the elections down to this day, the Congress held no distinction between the *Ministry* and

the *Party*. Mere association with the State does not entitle the Congress to embark on industrialisation without official sanction from the party, unless it is presumed that by such official encouragement the village industries will not be affected. But they are affected. This is the usual phenomenon in Congress circles glossing over difficulties and leading to endless troubles. Political expediency and manoeuvres are necessary but not at the expense of scientific principles. Adaptation of theory to a particular situation is one thing but haggling of a theory is another.

However, in a memorandum dated 4th June 1939, Nehru says: "The Congress has *in view of the present conditions in India* laid great stress on the encouragement of cottage industries in India." (Handbook I, p. 78.) This is a better explanation. All the previous gloss is unnecessary. Nehru himself said earlier realising the incongruity of formal gloss that the matter was open to be discussed by the Planning Committee and the Commission. (Handbook I, p. 66.) He further said: "There can be no planning if such planning *does not include big industries*. But in making our plans we have to remember the basic Congress policy of encouraging cottage industries." (Ibid.) After prolonged discussions at the Rural and Cottage Industries Sub-Committee (Handbook, No. 4. pp. 21-22.), Nehru summed up thus: "Cottage industries were not intended to come in conflict with the industrialisation of the country but to absorb the large numbers of the unemployed and partially employed in rural areas." The records of the Indian experience so far do not support this view.

These attempts did not soothe the discontented elements. Sudhir Sen writes: "The conflict of ideologies was forcefully illustrated by the debate which took place at the various meetings of the National Planning Committee." These are not reported significantly in the handbooks. ("Conflict of Economic Ideologies in India—An Attempt at Reconciliation": Visva Bharati Economic Research Studies, No. 1.)

J. C. Kumarappa resigned from the Committee and is continuing his work with the All-India Village Industries' Association.

E. The Objectives of the Plan

The Second Session of the National Planning Committee was held in June 1939 at Bombay. It approved of a memorandum by the Chairman dated 4th June on the approach to and the guiding principles involved in planning. (Handbook I. p. 69.) What are those guiding principles ? The objective of the plan is defined to be the attainment of national self-sufficiency. (Handbook I. p. 79.) But this is not in accordance with the speeches made by Nehru at the various sessions of the Committee on Planning as part of world Planning. World order is the phrase that Nehru repeats often. It is further stated that the objective is to plan national economy as *far as possible* to attain national self-sufficiency and *not primarily for purposes of foreign markets*. (Handbook I. p. 79.) Does this mean that foreign trade, international commerce is excluded ? Is such a thing possible in a system of private property relations ? No wonder that the industrialists do not see eye to eye with the cottage folk. But this is inscribed as a point for the guidance of the Sub-committees of the National Planning Committee.

It is also defined as "the technical co-ordination by disinterested experts, of consumption, production, investment, trade and income distribution in accordance with *social objectives set by bodies representative of the nation*". (Handbook, p. 77.) The bodies that participated in the Committee are mostly Chambers of Commerce, representative of the industrialists. Industry is not the Nation, nor is Agriculture. They are classes within the nation. The social objectives of these classes are not identical with the nation except at certain stages, especially in a colonial country like India. This is further complicated by the national question in India, which is now understood as a provincial,

or Pakistan question. As early as 1935, Prof. D. G. Karve noted this phenomenon of business rivalry among these sections. He says:

“Another matter that has not received the consideration that it deserves from the standpoint of an efficient ordering of the nation's policy is the *fast growing separatist and restive tendencies* among the provinces. For political reasons *Government and many of the Indian politicians welcome* and in fact *promote this tendency*.” (“Economic Planning for India”: Indian *Economic Journal*, Vol 16, 1935-36. p. 78.)

Under these circumstances of a variety of interests, in a country like India under British Imperialism, unity of social objectives means the unity of those dominant classes that have a stake in the country, at present. Sometimes these objectives expressing though they do a limited section, represent the whole nation. In a major political organisation like the Congress these progressive interests are divided. There is no unity. Consequently, planning becomes a coordination of the sectional interests of those dominant in the country. It will then be sectional planning, not national planning.

The Committee is aware of such divisions, sectional interests and conflicts. The object of the plan among other things, is “to observe a due proportion between the various forms of new wealth, its equitable distribution among the members of the community and to secure such adjustment between the interests of producers and consumers, individuals and the community (Handbook I. p. 15); collectively... to secure a balance between the *several interests*”... (Ibid. p. 16). Nehru realised that the sub-committee might adopt differing methods and make different recommendations. He said: “The National Planning Committee itself represent *many viewpoints*.” (Handbook L p. 32.) And yet the Committee have drawn a plan. This plan is to take place in a free and independent India. (Handbook I. p. 73.) What the State will be in a free and independent India is not known. Mention

is made of a democratic State (Handbook. I. p. 77), What will be the nature of the democratic State ? Will it be a government of capitalists and landlords? We can imagine many types of State that may come after Independence. It is possible to have a democratic State. In absence of concrete specifications, the plan is a vision of the future. It is not of the present. It has no roots in economic reality. It is a mere academic exercise. It is a wish as to what we shall like to do when we get independence.

Nehru realises this. In his memorandum he spoke of making use of the existing facilities. He says:

"We have thus to draw up a full plan which would apply to a free India and at the same time *indicate what should be done now, and under present conditions*, in the various departments of national activity." (Handbook I, p. 74.)

In this sense no plan has been drawn in India. *It is yet to be drawn*. All the plans that have been drawn so far are wishes for the future.

This is the peculiarity of Nehru. He makes so many points, each conflicting with the other. This is partly due to the conflicting groups in the Congress and his desire to pacify them, partly due to his reverence for Gandhi and partly due to himself. I will sketch his difficulties in his own words from his collected writings 1937-40. He writes on 22nd February 1939,

"In a *changing and uncertain situation* it is difficult for me to point with any confidence to a way out of the deadlock." On another occasion he wrote:

"It is perfectly true that I have felt puzzled and perplexed. This perplexity is not due to any doubt in my own mind, as to what should be done but rather *to the difficulty of inducing* any considerable numbers of others to act in a particular way. *When organised groups and parties within the Congress junction aggressively against each other*, I feel

singularly out of place, as I have not been used to such functioning ... I fear I *am an ineffective politician* at any time and I have no taste whatever for the variety of politics that has lately developed. That is my weakness. When I cannot act effectively I try at any rate to preserve a certain integrity of mind and I wait for the time when I can act more effectively." ("Unity of India". op. cit. p. 169.)

He is like Morley. His decisions are not always happy ones. They are symptomatic of the Congress. The speeches at the Planning Commission are examples of this attitude.

F. The Work of the Sub-Committees

The second session of the National Planning Committee which met at Bombay, appointed 29 sub-committees to investigate and report on various problems and formulated detailed terms of reference for each of these.

This should have been the beginning of the work of the Committee. The task assigned to these committees was a difficult one. They obtained cooperation from various sources. Nine provincial governments cooperated. Bengal and Bihar did not figure at all. Sind although agreed to cooperate did not answer the questionnaire. Nine States cooperated. Like the Industries Conference, 1939, which expressed a wish to cooperate with the National Planning Commission, Nehru expressed a similar wish. He said:

"The co-operation of the Government of India and their experts is also very necessary both in order to obtain all the available information and data as well as to have the benefit of their advice and suggestions." (June 20, 1939. Handbook I, p. 103.) "The sub-committees contain the names of a considerable number of officials of the Government of India and the States." (Ibid, p.104.)

On 13th August 1939, the meeting of the Chairmen and

Secretaries of the various sub-committees was held at Allahabad. They were asked to report as early as possible. The time-limit set was inadequate. (Hand-book II, p. 4.) They could not possibly have time even to write a report. The time was extended. It was recognised that it was not possible to submit a detailed plan *as it required considerable investigation and collection of new data*. (Handbook II. p. 8.) By the time of the third session of the Committee held in May 1940, only 17 committees reported out of 29; of those 6 only sent final reports, 7 interim reports, and the rest promised to send them before the meeting. (Ibid. pp. 30-31.) Even by the time of the fourth session of the Committee held in June 1940, only 20 out of 29 reported.

It is clear that the committees had barely a year at their disposal to make a report. "Almost every sub-committee," writes K. T. Shah, "has complained of lack of data." ("Principles of Planning", p-14.) The committees could have made very few new investigations during this short period, unless they reported on what they have been investigating prior to their appointment. They should have been given some more time in order to carry on their investigations and collecting existing information on the various subjects.

The Planning Committee decided to publish the reports. But they are not published yet. If published, they would have been of great educational value and the discussions would have brought out the inadequacies or other features of the reports.

On the basis of this data, the Committee discussed the reports and have adopted resolutions on each report. The resolutions express in general lines on which work in future should proceed. They express a *general programme* of what the Congress would do when it comes to power, but they do not constitute a plan. At the best they represent a preparatory *groundwork for an All-India survey*. Four years have passed since they were published. Many changes have taken place since then

under stress of war-economy. When the Committee resumes its work, the survey is to be begun again.

G. Congress, Socialism and State

The question of the State and its nature is of paramount importance in drawing up a plan. Planning is inconceivable outside a state except for an Utopian. Individual sectional planning is a limited possibility. Since state activity is an essential requisite of a comprehensive plan, it came to be associated popularly with socialism. A revision of ideas has taken place and in that state activity can take place without being socialistic. Economists popularised this idea in Britain and elsewhere.

In India, a revision has taken place with reference to the attitude of the Congress to socialism. Nehru himself sketched the history of this revision at the Planning Committee, Socialism is of several varieties, and the businessmen have their variety of conceptions of socialism. Some of them express no fear of the state control. They even welcome it. The ground is made clear to dispel doubts in the minds of the businessmen by making the position clean. This again is done by a gloss.

Nehru contended in his speech of 21st December 1938, that *the Congress has not in any way accepted socialism*. He says: "In May 1929, the All-India Congress Committee passed a resolution to the effect that '*In order to remove the poverty and misery of the Indian people and to ameliorate the condition of the masses, it is essential to make revolutionary changes in the present economic society and social structure of society and to remove gross inequalities.*' This resolution indicates an approval of socialistic theories but apart from this general approval and some *further advances* in subsequent resolutions the Congress has not in any way accepted socialism." (Handbook I, p. 65.) This approval was to be explained in the light of the early days of Nehru

in the Congress, the general economic discontent in the country, the need for allies in the masses to strengthen its position for an offensive against the Government by putting forth revolutionary slogans, the situation in 1929, and the vague conceptions of socialism that prevailed among the people.

Today we are all planners, the other day we were all socialists. That expresses the moods of the periods. The Congress welcomed in its fold communists, socialists, kisans and every force that stood for independence.

Nehru himself is regarded by many as a "scientific socialist". In reply to Raft Ahmed Kidwai who said that the Working Committee (March 4, 1937) was assuming the "role of the Grand Fascist Council, Vallabhbhai Patel replied that it was working "under the leadership of a first-class scientific socialist". (5th March 1937. "All About the All-India National Convention and Constituent Assembly", Delhi: A Symposium, 1937, p. 25.) We have no idea of what Patel meant by a "scientific socialist". But Nehru himself would deny that he is one. He has been called the Red Star of the East. Hiralal Seth writes of "Nehru's deep faith in the doctrines of socialism and communism and his immense work for socialist movement in India and abroad." ("The Red Star of the East: A Biographical Study of Jawaharlal Nehru"—Preface.) He further writes "A Marxian Socialist, as he was, Pandit Nehru keenly felt the need of state planning". (Ibid. p. 85.)

This shows how loosely the words 'socialism', 'communism' and 'scientific socialist' are understood. The occasional references to these words in the academic circles, are also an index to the popular confusion. Nehru's own views in his "Autobiography" and "Glimpses of World History" clearly explain his position. In his latest work, he writes: "The Marxian philosophy appeals to me in a broad sense and helps me to understand the processes of history. I am far from being an orthodox

Marxist, nor does any other orthodoxy appeal to me." ("Unity of India", op. cit. p. 117)

The famous Karachi Resolution on fundamental rights and economic programme of March 1931, was explained by saying that the resolution was passed with reference to the *future Swaraj Government which the Congress envisaged*. This Resolution admitted the principle *of the socialisation of the means of production*. This eclectic socialism was the product of the period 1929-31 which the Congress reflected after a struggle. It was the product of the struggle between the Gandhi and the modern group that Nehru spoke of.

The State that the planners conceive is a democratic state. (Handbook II, pp. 33-35, 40. Handbook I, pp. 65, 73, 74.) It is a national state with full sovereign powers freed from all foreign control, and the plan is for India, that is, free and independent. Today we have no democratic national state. We are not free and independent. Nehru himself said: "At the present moment it is clear that not only we have in India no national independence but we are hedged in and obstructed by numerous restrictions, limitations, safeguards and reservations which block our path to planning and progress." (Handbook I, p. 72.) These are the realities. What is the plan under these circumstances ?

The Committee have come to some general conclusions. They have recognised the principle of state ownership. They agreed that heavy key and defence industries should be controlled by the State. They made a distinction between ownership and management. (Handbook I. p. 27.) "Private enterprise," writes Nehru, "has certainly not been ruled out, but it has to be strictly controlled and co-ordinated to the general plan." (Handbook No. 4. p. 7.) In this way, the ground is prepared for the industrialists not to be frightened of the State.

H. Conclusions

The National Planning Committee met on the eve of the outbreak of the present war. The Congress was still in power. War was looming on the European horizon. Every one was seeing it. The industrialists were taking advantage of a slight revival that was taking place after the terrible depression. There was discontent among the agricultural and the labouring population in spite of the Congress Governments. The industrialists were hoping for a pile if the war were to break. They envisaged possibilities for help from the Congress Government. The discussions concerning the starting of Automobile and Aircraft Industries were in progress. The political situation in the country after the war and the resignation of the Congress Ministries dashed these hopes. The discontent of the businessmen and the agricultural elements increased. It was during this period that the Planning Committee met. Naturally the labours came to an end soon.

The work of the Committee was *hastily done*. It was the political situation in the country and the attitude of the Congress to war, that precipitated their labours. It tried to reconcile *the industrial and agricultural* elements in the Congress. It gave pointers in which direction the Government should *move in order to please these elements*. It prepared the ground for a future all-India survey. It clarified the attitude of the Congress to socialism. It prepared the businessmen to the idea that state activity is not socialism. It reaffirmed Congress faith and programme in the various resolutions in the name of a Plan.

CHAPTER – V

NEW INDIA PLANNING GROUPS

What are these groups ? In order to prepare the ground for a collective study of the post-war problems, the Government thought of organising New India Planning Groups all over India. The machinery was actually set in motion when comments in the press and in the Central Legislature put an end to further progress. The entire organisation is to consist of Plan-ning groups and a Central Research Organisation located in Simla, Circular Letter No. 1, dated 11th December 1942, says: "The Central Organisation will make it responsible for suggesting subjects for discussion, for putting out pamphlets and booklets intended to provide the groups with facts and figures, for furnishing the groups with any social and economic facts and statistics and for collecting and publishing conclusions, of the different groups. The work of the group consists solely in discussing Indian post-war social and economic problems. The work of the Central Organisation consists principally of a Research Directorate staffed by "Indian economists of repute" together with the necessary administrative personnel. ("New Indian Planning Groups—What are they?") It was hoped that one of the Indian Members' of the Executive Council would be a Chairman for this organisation.

These groups were designed to be academic ones. "The Central Organisation is entirely precluded from suggesting any conclusions—its duty is to issue entirely objective pamphlets and to stimulate thought and enable groups to form their own conclusions." It was denied from the beginning that they would be a part of the National War Front. If the purpose of the organisation is academic it will not serve any purpose.

The end and aim of knowledge is action. The purpose of research is to see that the results are utilised to the best interests possible and not for academic purposes. Planning is based on an accurate data. If that is the case, the group cannot take a non-committal attitude. The Central Organisation must give a lead to the group for discussion. If suggestions were forthcoming from the group that need revision, the Central Organisation must be prepared to accept such reviews. If the general aim of the Government is to take some action after the war, the best way would be to give a lead to and then invite a general discussion from the groups.

The organisation has already brought out some pamphlets. It takes pride in taking a balanced view of the subjects for discussion. The pamphlet on industrialisation evades the live issues of the day. It has merely sketched the arguments for and against industrialisation. In between, it has expressed some opinions. The whole question of industrialisation was discussed apart from the historical and social processes that condition such a thing. Industrialisation means *subjectively* a demand for the development of free capitalism and *objectively* the impulse of growing capital for self-expansion.

Some of the opinions are not quite correct. For instance, concerning mineral resources. ("Is Industrialisation Desirable ?" pp. 3-4.) War necessity led to the discovery of several of our mineral resources. The Government publications themselves admit this fact. Prof J. A. Dunn writes: "It cannot be said that India is either rich or poor in minerals. Some of her minerals are important to the world's industry in general, but, for the size of the country, her mineral resources are about the average." ("Indian Mining, A Concise Handbook for Laymen and Specialists." by J. A. Dunn, 1943. p. 2; also "Mica," by Dunn. "Bulletins of Economic Minerals" No. 10, 1942, where he says: "The Province of Bihar should regard itself as the World's trustee for this mineral and conserve available resources with the great care." p. 2.)

CHAPTER – VI

SOME WRITINGS ON PLANNING IN INDIA

We must distinguish writings on Planning from Plans. Of late to write something or other on planning, or post-war re-construction has become a fashion. It has even become a social obligation to make a passing reference to it. Most of the books that have appeared recently have some say on it. It is not possible to discuss all those writings here. I will select a few.

A. K. T. Shah

K. T. Shah is the Honorary Secretary of the National Planning Committee. On his own responsibility he has brought out a book "Principles of Economic Planning" (India Planning Series No. 1. Padma Publications. Bombay, 1943), making use of the material that he has at his disposal. His object is not to present a plan but to elucidate the main principles that should guide a plan. He has also published another book "India's Place in Post-War Re-construction". Dr. Syed Mahomed believes that Prof. K. T. Shah is "too convinced a socialist". (op. cit. p. vi.) We know what kind of a socialist Prof. Shah is from his writings. They give an indication of a socialist who does not draw his ideas from experience or reality but from a preconceived system of "conceptions". In his system, ideas cannot be tested with reference to an actual situation but only with reference to a "conception". Such socialists are called

"Utopian" as distinguished from "scientific socialists". It was Engels who made this distinction. While Mahomed believes him to be a convinced socialist, Dr. Lokanathan hails him as a technocrat. ("Principles of Economic Planning". p. 35.) This is not a happy word. It has many associations in western thought. What Lokanathan means by this is that Prof. Shah believes in super-industrialisation . . . in machinery, regardless of consequences. While in the main following the ideas of the National Planning Committee, he has expressed his own ideas which go further than those of the Committee. He does not believe in village economy. He writes: "The ideal of village self-sufficiency has broken down. Mass production, by power-driven machinery, of all articles of daily use has ousted the local product from the local market. It would, therefore, be utterly uneconomic, now to attempt in any way to revive the ideal of local self-sufficiency. It has little room in modern economy, and none in the future." ("Principles of Economic Planning". op. cit. p. 9.) The Planning Committee tried to reconcile village and national (industrial) economy. Like the Committee he stressed *national self-sufficiency*.

Throughout his work, we find neat-cut formula. For example, he writes: "Production should primarily be for use, not for exchange". (Ibid. p. 9.) At what stage of a socialist society can we expect such a thing ? Can we expect it in a liberal democratic State ? As an ideal it is good, but not as a principle for a plan. A plan is always based on the existing data and not on the unknown. If a plan were to be drawn on this principle, it will be on some future data in a fully developed socialist state. Some other examples, "Industrial or social conscription should be an invariable concomitant of the plan." (Ibid. p. 15.) In this way, his whole work is one of "musts" and "neat principles". If the National State is a democratic State, I cannot see how after obtaining independence, the country will be ready for socialism. If imperialism is removed, it is for the development of *capitalism and liberal democratic forces*,

and not for immediate introduction of socialism. We do not know how the circumstances will turn up. To draw up principles, even socialist principles, on unknown factors, is Utopia itself.

His other work is equally Utopian. More than half of the book is on world re-organisation. Here also we have some neat formulae. "No country should *thereafter* be allowed to have its separate army, or air force, nor any industry which caters for these services." The World-disarmament Conference, the League of Nations, Litvinof and U.S.S.R. have no lessons for him. The saving "thereafter" does not rescue him from his Utopianism. He wants a world citizenship. "Statelessness" is a phenomenon today. The League tried to solve it. It did not succeed. In a future world, this shape of things that Shah dreams of, probably comes true. Another one. "The doctrine of individual sovereignty must be disregarded; the virtue of patriotism discounted; *the sentiment of nationalism declared a crime*" All this in a future world but meanwhile let us have national planning, national state, independence, that seems to sum up Mr. Shah. ("India's Place in Post-War Re-construction." p. 52.) His principles of planning come to this. They are the well-known general socialist maxims to be applied to some unknown date.

B. Dr. P. S. Lokanathan

He is the Editor of "Eastern Economist". He has published "Principles of Economic Planning*" under the auspices of "Eastern Economist" (Pamphlet Series No. 1.) He writes that it is not a blueprint but a guide for discussion, arising out of the articles written for his paper. He writes that it is not even an outline of a plan. He believes that *the National Planning Committee failed to visualise the problem as a whole*, and to fill that gap, he has written this pamphlet, (p. i. Introduction.)

Planning is based upon an accurate data. The data is in relevance to the present and not to the future. The past helps a great deal in noting

the historical conditioning of reality. On the basis of such an accurate data, policy and purpose are to be determined. This is expressed in a plan, which is variable according to circumstances. Planning does not end here. It is continually changed in the process of realising itself. In case of failure or set-backs, it falls on subsidiary branches. As Bourcet observes, every plan must have its branches.

It follows from this that an exhaustive analysis of the data does not exclude political elements like the state and other appurtenances that constitute part of reality. In his pamphlet "Industrialisation" and the present booklet, Dr. Lokanathan ignores the analysis of state. He does not discuss the paramount connection between state and planning. Not a state in general but the state that is at present in India. The chapter on "the state and the private sector" is an evasion of the real issue.

The settings—national, international and social— which are equally important with their various classes and interests are equally ignored. These important essentials of planning are not discussed in this work. The basic idea of planning, centralised *control*, necessary to the drawing up of the plan and in whose interests this control will be used is also evaded. Centralised control need not necessarily be identical with oriental despotism. (K. Mannheim: "Man and Society" p. 7.)

Straightway he begins to discuss the correlation between the rate of capital invested in general and the growth of national income. The study is useful by itself. He starts with the idea that the essence of planning is to raise the national income. On the basis of the proportion of 1:2 obtained in various countries between capital and income, he estimates the necessary capital required for planning on an increasing progressive scale.

This method is open to several objections. The statistical figures he brings out in support of the proportion, do not take into account the

variations, although he admits there are (Ibid. p. i), as between countries, industries and time. It is a mathematical proportion. To which economy does he refer ? Does he refer to the economy of private property ? Or socialist economy ? On page 29, he uses the word "capitalist economy". On page 30, he uses the word "planned economy". Planned economy is possible in a capitalist system also. The New Deal in U.S.A. is a good example. Or does he refer to socialist economy ? Capitalist economy is not a fixed thing. The historical phases of capitalism and uneven developments in different countries and in different industries, contribute also to variations in the general proportion. If these various phases are taken into account, and if we do not ignore the features in the colonies, different proportions will be the result. The method pursued in determining the ratio between capital and income is not applied to the conditions in India for verification. Above all, the ratio does not tell us anything about the sufficiency of the present national income in the various countries mentioned in the booklet. It is a fact that national income in the countries cited is far below the standard required. The movements against hunger and wages especially after 1929 are a regular feature of the world economy outside U.S.S.R.

What is the national income ? There are so many estimates—local, provincial and national. All these estimates are inadequate when we come to consider the question of the actual income of the several strata of the population and the *question of normal sufficiency of income* of those sections of the population which fall below the standard set by the health experts. All these considerations, while they are theoretically admitted, are not fully reflected *in* the determination of national income. The same with capital. The capital invested in India is yet to be determined.

In such a situation, what level of national income is chosen for India as a start ? So much work has to be done on this question especially

in a colonial country like India. This should be the preliminary work as part of collection of data. Taking the several occupational classes in India and their actual incomes together with the required incomes—if one arrives at a generalised level will that level be an acceptable one ? In view of the absence of a centralised state and in view of the need of planning, within the system of private property, will there be a guarantee of obtaining such desired statistics. Otherwise to start on the existing ill-defined national income, while it may produce some results, is to shirk the main issue.

So much about the ratio principle. Dr. Lokanathan advances another principle, the principle of occupational planning. How can there be an occupational planning in a capitalist, imperialist, feudal economy ? It is as anarchic as the system itself. Who is to control the system of selection ? When production is anarchic, the selection is equally anarchic. Technological developments and competition between industrialists pre-vent an occupational planning. The present material and cultural level of the country is another factor which goes against such planning.

The same is the case with the principle of technological time preference. It is naive and Utopian to think that industrialists, large or small are guided by such neat considerations. Competition is a factor which overrides the unity of purpose which is yet to be seen in action. Rivalry between Indian and foreign interests has not brought out such a desired result. To eliminate competition you have to eliminate the private ownership of the means of production. Technological time preference in a capitalist economy is the negation of capitalism.

The same is the case with the principle of proportion of external finance. When we talk of industrialisation of India, we fail to take into account the actual composition of capital available. Out of enthusiasm we believe that capital is forthcoming. It is not alone imperialism and

feudalism that hinder industrial development of India, but the organic composition of capital itself is low, (even taking into account the accumulation of sterling balances), and to think of proportions in a mutually antagonistic conflicting system is Utopian.

The essence of planning is fusion of policy and purpose based on accurate data. The four governing principles of planning that Dr. Lokanathan advances are not based on the data available here. They are general and *abstract* having no relevance to the situation in India. Dr. Lokanathan speaks of planners. (Ibid, p. 46.) Who are the planners in India? The State, the Assembly, or the Industrialists? The National Planning Commission, the All-India Manufacturers' Organisation or the Vijayan Kala Bhavan ? Have they eliminated competition among themselves? Have they thought of the question of the State ? Planning is not based on faith but on the actual analysis of the data. If planning is by some state that is to come, the nature of the state is not discussed. Between socialism and the state activity without socialism he fixes the middle way. The way is the same as that suggested by the National Planning Committee. (Ibid, page 51.) The suggestion of the middle way does not throw light on the state, except that it be a democratic one.

If planning is within the existing system, then Dr. Lokanathan's principles are out of the question. Another dulcet voice of Utopia. Another 'vague ideal'.

In illustrating his points Dr. Lokanathan has made many inaccurate statements concerning U.S.S.R. He believes that the Bolsheviks have no intellectual grasp of the pure theory of capital structure. In support of this, he charges that they have undertaken gigantic undertakings, in which capital was coiled up for 8 or 10 years. The Bolsheviks do not claim any grasp of *pure theory*. They perfect the plan which is made on the basis of the data in the course of fulfilment. The process of realising

the plan is the process of finding the correspondence of the theory with reality. Stalin said: “. . . Only bureaucrats can think that planning ends with the elaboration of the plan. The elaboration of the plan is only the beginning. Concrete planned direction only starts after its elaboration, after the plan has been tested in the process of its fulfilment, after it has been amended and made more precise.”

The 1938 revised statutes of Gosplan stated that its chief function must be “to ensure that correct proportions are observed in the development of different branches of the economy, and to take the requisite measures to prevent disproportions from developing.”

In the case of the first five year plan, there has been much hasty criticism. Now during the period of re-orientation much has been recanted. U.S.S.R. itself did not deny the difficulties and the privations incurred. It wanted to lay the foundations for heavy Industries. It did not succeed. (See E. Strauss: “Soviet Russia—an Anatomy of a Social History”, 1941. pp. 191, 192.)

During the period of the third five year plan, in fact, the Bolsheviks had forethought of defence against aggression and framed the plan accordingly. With all these precautions, if the Red Army had received a set-back in the beginning of the Russo-German War, it was not due to defective planning. Dr. Lokanathan's enthusiasm that the Red Army would have reached Berlin long ago if they had knowledge of capital structure, cannot be borne by facts. The set-back is due to various causes that Stalin had already referred to in his famous speech after the outbreak of the war. It was due to military and political causes.

In the economic sphere, in fact, Maurice Edelman in “How Russia Prepared” writes: “The Soviet worker withdrew his machine as a soldier withdraws with his guns.” The way the Bolsheviks built their “leap frog industries” speaks well of the way they averted a major disaster to the world. It does not matter if they have not grasped “pure theory of capital

structure". But they understood to what ends the resources available can be put. This art, it is no less than an art, is expressed in the famous "Three Five Year Plans".

Speaking of labour personnel, Dr Lokanathan believes that as it was done in Russia, it can be done in India. (Ibid. p. 46.) In Russia it was done as a result of three revolutions. In Russia there is the Soviet State. In India what has been done in spite of two major wars, is nothing comparable to Russia. In India there is the Imperialist State. Perhaps it can be done in a future India.

He further writes that the problem of "cadre has always been the headache of Soviet planners" and that the principal defect in the long-term planning was the failure to give due attention to this problem of personnel and to assign to it a proper place among the primary requisites for the realisation of the plans. All this is not true. Maurice Dobb refers to unprece-dented efforts made by U.S.S.R to augment the number of skilled workers and technicians *from the beginning of the first five year plan*. In 1936, there were 700,000 technical schools, three times those in 1928. Dobb writes: "Over the period of two quinquennia the number of skilled mechanics increased four - fold and of engineers and Industrial scientists increased seven-fold." (Maurice Dobb: "Soviet Planning and labour in Peace and War". p. 92.)

In the beginning of Industrialisation in U.S.S.R. the slogan was "Technique decides anything". When the material and cultural conditions permitted the rise of a new class of technical intelligentsia, the slogan was "cadres decide everything". The problem of personnel has been faced from the very beginning and was a part of the plan.

In the course of the fulfilment of the plans a movement came into existence, known as the Stakhanovite movement which spread to all industries and classes of technical intelligentsia, which solved the problem of technical cadres. It is true, in the beginning Russia made

use of foreign technicians but at no time has the question of technicians been kept apart from other aspects of planning.

C. Others

I select a few writers here for discussion as they have come across my studies. Prof. Jain believes that planning is possible within the system of private property and inequality. He at the same time believes that it involves centralised effort to achieve predetermined ends. Is centralised effort possible in a system of private property with its conflicting classes and interests except at times of crisis and the early stages of developing capitalism? (P. C. Jain: "Economic Planning in Industrial Problems of India". Allahabad, 1940. pp. 225, etc.) V, Sundararajan is frank in saying that planning is planned capitalism, referring to the circumstances in India. ("Economic Planning". Introduction.) N. Das believes that it is a polite name for giving sectional advantages to particular industries or interests. but unlike Jain he believes that it connotes socialism and control of the means of production. ("Industrial Planning, Why and How". Calcutta, 1940. p. 99.) In view of the fact that most of the writers think of planning in an abstract manner their writings are contradictory. K. T. Shah believes that the effect of a comprehensive plan, would be the fundamental re-organisation of the social system. ("Industrialisation of Punjab". 1941. p. 270.) In their recent work, Wadia and Merchant expressed their belief in the socialisation of industries and agriculture. They envisage the end of laissez-faire, private enterprise on a competitive basis, and profit-making motive. ("Economic Problem". pp. 526-527.) But none of them *has drawn a plan for the present*.

Another writer V. Sundaramurthy raised the question of a conference of industrialists and financiers for coordinated planned industrialisation. In his view planning is associated with industrialisation. Objectively to characterise planning as plea for industrialisation is correct. Nehru saw in this suggested conference of industrialists an

industrial aspect only and not the social one. In a letter to Murthy, he expressed this view that planning is all comprehensive, not industrial, economic but a comprehensive social one. ("India and the Great War. A Plea for Planned Industrialisation". Bangalore, 1940. p. 4. His other work "Rationale of Post-war Re-construction". Bangalore, 1943. p. 38.) This social gospel is only a cover to hide the struggles in the Congress circles.

The suggestion of Murthy is important in that it is true to life. It is the industrialists who are taking most interest in planning. At present, there is no coordinated work among the industrialists. The big industrialists have drawn a plan. The All India Manufacturers' Organisation has its own plan. The National Planning Committee has its own. The Federation of Chambers of Commerce and Industry is behind the Tata Plan. If all the industrialists, big and small, and the National Planning Committee were to meet together and discuss the ways and means for drawing up of a plan—that will be an achievement. In fact, there is no difference of ideas between them. Some members of the Tata Plan have also been members of the National Planning Committee. Visvesvarayya gave his blessings to the Tata Plan. He was for some time a member of the National Planning Committee. They are also Members of the Federation of Chambers of Commerce and Industry. Labour have their plans according to their political affiliations. A plan drawn by a Congress of industrialists, financiers and labour, will indeed be a political triumph, a basis for an all-India unity, for a general struggle to realise the conditions necessary for the drawing up of a real plan of a higher level. In *most* of these writers planning is associated with either industrialisation, social re-organisation or socialism.

CHAPTER - VII

POST-WAR RECONSTRUCTION PLANS

As far back as in October 1941, it was announced by the Government of India that they have appointed post-war re-construction committee. Sir M. Visvesvarayya has for the last two years been asking what happened to the committees. With the collapse of the New India Planning Groups, the re-construction committees have come to public notice again as usual through the Government communiques. Visvesvarayya complained at the Fourth Conference of the All-India Manufacturers' Organisation that "there has been too much secrecy in Government's procedure". (Ibid, p. 5.) From that time, (October 1941) to this, (March 1944), no account of work done by these committees is available.

If the purpose of the New India Planning Group is to educate the people on problems of post-war re-construction as the pamphlets assert, how is it that the work of the re-construction committees has not been made public for discussion ?

Post-war. Re-construction Plans in India are also an echo of the international discussion on this subject. The word 're-construction' is a misnomer. We have to construct rather than re-construct. Some of the businessmen have already expressed this view. In Europe, everything is destroyed. Everything is to be built up. In India, nothing is destroyed, nothing is built excepting for a few industries that have sprung out of war necessity.

Two years after the announcement of the Re-construction Committees, it was announced that the Government of India have appointed six policy committees of post-war re-construction with elaborate machinery. These committees will deal with the subjects of land, roads and transport, agriculture, forestry, fisheries and education.

The Policy Committee was inaugurated by Dr. Ambedkar, on 25th October 1943. He dealt with the questions of agriculture and cheap electric power. It appears from the discussion of the Committee that an All-India Advisory Organisation has been formed to deal with this problem. The Policy Committee on Trade and Industry met on 21st and 22nd October '43 under the chairmanship of Sir A. Haque. The Committee discussed and approved the questionnaire to be sent to several industries in order to elicit information from the respective industries on their post-war needs of capital requirement and on plans for establishing new industries. On the basis of the data obtained, the Government intend to draw up a plan. The Health Survey Development Committee met at Delhi on 26th October, 1943. Lord Wavell sent a message to this Committee referring to the need for proper water supply and sanitary systems, anti-malaria work, village medical services, slum clearance and better housing. After general discussion, five advisory committees were appointed to deal with the subjects of public health, medical education and research.

In view of the present political deadlock, the Government announced that they would confine their work to nation-building activities. They say they wish to take social re-construction work, but for fear of communal tensions they will not undertake it themselves. It appeared from the press communiques that the Government is concentrating mostly on agriculture and problems relating to it. It is believed by the industrialists that the Government is trying to pit agriculture against

industry. 'They complain that industries have been neglected by the Government. This opinion was voiced by Sir M. Visvesvarayya at the Fourth Conference of the All-India Manufacturers' Organisation. He said: "There is no sign that Government are taking any interest in industries. There is demand from the business public and industrialists for active help to industries but Government have not one encouraging word for them. (Ibid. p. 5.) . . . The disappointment and losses caused through Government apathy in the matter of encouragement to automobile and aeroplane industries ... are a thrice-told tale." (Ibid. p. 6.) Although an expert committee recommended the manufacture of locomotives in India, (Humphries-Srinivasan Report) Mr. Benthall is still speaking of the difficulties of manufacture in India.

This has no effect on the Government They are going ahead with their policy committees. According to Srivastava, comprehensive reports are now available. It is believed that blue - prints of Government plans will be ready by June, 1944. It is not known whether the Government followed the work left by the Industries Conferences and whether they cooperated with non-official bodies to collect information for reports. Everything is shrouded in secrecy. No wonder this leads to suspicion in the minds of the public. The best course for the Government of India will be to publish these reports and invite discussion. The contemplated purpose of the New India Planning Groups could be realised. The Sargent Plan of education is now published.

The work is divided between the Central and Provincial Governments. The Provincial Governments have in fact announced in meagre reports their re-construction plans. The Central Government has a General Policy Committee and seven policy committees. These deal with (1) Settlement and re-employment, (2) Disposals, Contracts and Government purchases, (3) Transport, (4) Posts and Aviation, (5) Public Works and Electric Power, (6) Trade and Industry, (7) Agriculture,

Forestry and Fisheries. Non-official members are invited to the General Policy Committee. Birla, Purshottamdas and Shroff are non-official members of the Committee. Two of these are also members of the Tata Plan. They have also been members of the National Planning Committee.

The various policy committees make decisions and report to the General Policy Committee. The General Policy Committee makes final recommendations to the Government. According to Srivastava, the Com-mittee “deals only with *the formal action of policy and not with actual planning*” He says that the provincial governments have their own responsibility for re-construction. “The All-India Plan cannot be prepared at the centre, but must be built up out of the provincial plans (and State plans). It is not a question of the centre issuing orders but rather of co-ordination and active assistance which involves the vital question of finance. . .” In order to link the Central and Provincial Governments, Development officers are appointed. They are given the data and the policy. “Deve-lopment officers contact provincial and state governments and thus help in evolving post-war plans on all-India basis.” (Sir J. P. Srivastava on Post-war Re-construction, 17th January 1944. New Delhi. “Indian Information”, 1st February 1944. p. 111.) From this, it appears that the Development Officers play an important role. Who are they ? In view of the experience of the National War Front Officers, the Government will do well to see that the Development Officers are not appointed in the same manner.

The first two policy committees deal with the question of post-war demobilisation. In Britain, the question was already been placed before the public for discussion and many excellent books have come out on this question. In India, in absence of concrete statements on this question, the plans are misunderstood. The Land and Road Plans, important as they are, are belittled. The employment plan is

also misunderstood. The Secretary of State for India is reported to have said (27th January 1944) that while there is no general figure of unemployment for the Continent of India, statistics of unemployment are kept by the Provinces. Visvesvarayya says that the provinces also do not keep such statistics. (*Ibid.* p. 3.) In view of this, the public are suspicious of any plans made by the Government. If they have the statistics let them be published.

The Government intend to deal with the problem of demobilisation in its three-fold aspects: (1) Administrative, (2) Technical and (3) Armed Forces. These are briefly reported in the press. From all this it appears that the Government in order to cope with the post-war situation has prepared this machinery before-hand in the name of a plan. Thus as the Congress affirmed its politics in the name of a plan, the Government affirmed what the administration will do after the war in the name of a plan. We await the publication of the plans.

The Indian States also have caught the contagion of planning. Jaipur has published its post-war re-construction plan (Report of the Jaipur State: Post-war Re-construction Committee, Jaipur 1943). It is announced that Mysore is going to publish its plan soon.

CHAPTER – VIII

MUSLIM LEAGUE AND PLANNING

It is Ambedkar who said that whatever the Congress does, Mr. Jinnah does the same. (Mr. Jinnah, Mahatma Gandhi, and Ranade.) It is a simple explanation but Mr. Jinnah has his reasons for doing so. This facile way of explaining, ignores the conditions of the Muslim people, whatever the vagaries of Jinnah be. Jinnah's strength lies in giving a pan-Islamic expression to the real grievances of the Muslim people. When the Congress had a National Planning Committee, why did not Jinnah have it earlier? Because conditions did not permit him to launch such a move.

Of late, we have seen the growth of the Muslim Chambers of Commerce, all over India, at Karachi, Cawnpore, Lahore, Delhi, Calcutta, Patna and Madras. We have also seen the rivalry between these and other Chambers of Commerce. The Bengal famine revealed it to the full. The struggle between these Chambers of Commerce of different faiths is an index to the growth of the Muslim Chambers of Commerce who have also gained during this period of the war. Outside Bengal this struggle is not so direct and open, it is veiled. There is no cooperation between these Chambers of Commerce belonging to different faiths. Each distrusts the other. Each brands the other as communal. Letters from some of these Muslim Organisations to the Federation of Indian Chambers of Commerce and Industry and other organisations, requesting help and assistance are not even attended to.

It was not during this period of war alone that the Muslim businessmen came to prominence. The last war also was responsible for their coming into existence. The growing all-India consciousness of these Muslim Mercantile classes found expression in the formation of the All-India Muslim Chamber of Commerce in Bombay in 1941. In his presidential address at the Second Annual General Meeting of the Chamber in Bombay, on 7th June 1943, Sir Abdul Halim Ghuznavi, M.L.A., Central, said:

"During the last two years, (1939-41) ... we have witnessed *a growing communal consciousness among the Muslims*. In every Province, the Muslim merchants have begun to realise that by organising themselves in their own spheres, they can, not only improve their economic conditions and also they can help substantially to ensure greater unity and harmony among the Muslim businessmen as a whole." (Speech, pp. 2-3.)

Like every one else he believed that the problem of poverty can be solved only by rapid industrialisation. He stressed the importance of making an economic survey of the Muslim Community. (Ibid. p. 5.)

The Chamber decided to publish a Directory of the Muslims in India. It is expected to be out this year Mr. S. M. Jamil, the Secretary to the Chamber has issued a statement to the Press, describing in detail the proposed Directory. It appears from the statement that it is going to be a thorough and comprehensive survey of the Muslim people all over India. He writes: "We believe that a survey of this nature at short intervals will be very helpful to accelerate the movements of *our progressive elements*" ("Bombay Chronicle," 17th November 1943.)

A report appeared (13th December 1943) that a few Muslim gentlemen met at Delhi and decided to establish a Federation of Muslim Chambers of Commerce. It is not known who these gentlemen are. Sir Sultan Chinoy, the President of the All-India Muslim Chamber of

Commerce and Industry expressed surprise at this report ("Bombay Sentinel", 14th December 1943.) It is not clear whether the proposed Federation represents a cleavage between the Muslim Mercantile classes and whether the Conservative Section of the industrialists wish to ally themselves with the feudal elements that dominate the League Council. "An analysis of the Muslim League Working Committee appointed by Mr. Jinnah shows that there are seven "Misters", two Sardars, two Nawabs, one Raja, one Sir, one Khan Bahadur, one Begum, one Haji, one Maulana, one Maulvi, one Chaudhary and one Honourable. ("Bombay Chronicle", 20th February 1944.) Brailsford in his work "Subject India" notes that politics in India are dominated by parties based on property. The Muslim League is unwittingly a rampart of Muslim property. The Congress is only more subtle in its alignment with propertied interests as a whole. (Quoted in "Indian Finance", 11th September 1943. pp. 516, 517.) In his address to the Memon Chamber of Commerce at Bombay, on 1st October 1943, Mr. Jinnah said that he desired not a *Memon*, *Khoja*, or *Bohra* Chamber of Commerce, but a Muslim Chamber of Commerce. He made it appear that the All-India Muslim Chamber at Bombay is provincial. He emphasised the need to build up heavy industries: ("Times". 2nd October 1943)

The first factor that led the Muslims to take up to planning is the organisation of the All-India Muslim Chamber of Commerce and Industry in 1941.

The second factor is this. The so-called Pakistan areas are in reality economically backward. The feudal elements predominate and the Muslim masses who are under their influence are economically not well off. The proposed Federation may perhaps be a coalition of the conservative mercantile classes with the feudal elements who are venturing into business by the opportunities offered by war, under the leadership of Jinnah. The Bengal crisis had its communal repercussions

in Sind and the Punjab. In his address to the Karachi Chamber of Commerce, Jinnah said: "You have got in the Pakistan areas an enormous field and an enormous scope if only you look round and if only you will see them properly and seize them." (Karachi, 27th December 1943. "Telegraph", 29th December 1943.)

The third factor that contributed to this Muslim Mercantile consciousness is the treatment of the Muslim people by the Hindu shopkeepers as untouchables. (See Afzal Haq: "Pakistan and Untouchability", Lahore 1941. pp. 73-95.) The Pakistan agitation led the prosperous Muslims to take up to business as more and more Muslim masses were finding a need for their own shops where they could not be discriminated against by caste Hindus. These factors acted and reacted in such a way that it contributed a great deal to the rise of increased Muslim mercantile consciousness during the last five years. (Since the passing of the Lahore Resolution in 1939) The increase of Muslim businessmen during this period is not only due to war but also to the Pakistan agitation. This has in turn led to "Buy Muslim movement". Afzal Haq writes that it is only a mass movement in the sense that masses feel the pinch of the Hindu treatment. (Ibid p. 81.) Mr. G. M. Syed, President of the Sind Muslim League has recently inaugurated (Karachi, 29th July 1943) "Buy from Muslims" campaign. But this was regarded in some circles as "ill-advised" (See "Bombay Sentinel", 29th July 1943; "Bombay Chronicle", 12th August 1943.)

These are the economic and social conditions that led Mr. Jinnah to take up the idea of planning for the Muslim community. The All-India Muslim League in its session at Karachi on 25th December 1943, passed a long resolution urging the formation of a committee to prepare a five year plan for the economic and social uplift and industrialisation in Pakistan zones. A Committee of Action was set up to carry into effect this resolution. This is known as "Jinnah's Plan" or "Plan for the

Economic Development of Pakistan". (See for the Resolution, "Hindu", 26th December 1943). The Committee of Action is now busy organising a permanent secretariat at Delhi with various departments. It is believed that the delegation of the eleven industrialists which is to visit U.K. and U.S.A. will include Muslim industrialists also.

This is an example of what Karve calls the separatist tendencies of the development of capitalism. But in reality, they are expressions of various national and class interests in the Indian society, popularly called communal, provincial and sectional developments. We await the publication of Jinnah's Plan.

CHAPTER – IX

THE TATA PLAN

A. The Memorandum

For the first time in the history of India, seven of her biggest industrialists have published “A brief memorandum outlining a plan of economic development for India” (1944). It is now known as the Bombay or the Tata Plan. It is brief and to the point, and written with great clarity. The National Planning Committee has to resolve conflicts and clarify certain ideological positions. Hence the plan is vague and contradictory. The Tata Plan has no such conflicts to resolve and that accounts for its clarity. It is written in the midst of the political deadlock, and on the eve of the commencement of the Government plans for Post-war Re-construction.

The first chapter is an essay on disarming the reader. The planners admit that it is by no means a complete or a comprehensive scheme. They wish to present the objectives as a basis for discussion. That is all they intend. They make no reference to the organisation or methods required for carrying out the plan. They do not discuss the question of state, or the problem of distribution. They make certain assumptions, that a national Government will come into existence after the war. They regard economic unity as essential for planning and believe that a federal government with a central directing authority over economic affairs is necessary. They contemplate a planning commission representing the various interests concerned. (Ibid. p. 2.) It is not discussed what those

interests are and how they are going to be represented. They admit the inadequate data on which some of their estimates are based. (Ibid. p. 6.) They admit the lack of figures for the valuation of capital or the net product. (Ibid. pp. 28-29.) They admit the inadequacy of the surveys of our national resources. (Ibid. p. 38.) When they themselves admit so many inadequacies of the *pre-requisites* necessary for *planning*, the reader has nothing to say.

This disarmament is further carried outside the book in their talks to the various organisations. They said that the question of state and the problem of distribution of income is engaging their attention. Almost everything that can be said against their plan is scotched in their admissions.

After disarming the reader, they present a bouquet to him. In the second chapter, they discuss for the first time "as concretely as possible" the requirement of a national minimum. Discussing the requirements of a minimum standard, they come to the conclusion that a *per capita* income of Rs. 74 at pre-war prices is essential while the income relating to the year 1931-32, is only Rs. 65. (Ibid. p. 20.) The objective of the plan is to raise productivity to an extent that would ensure a general standard of living, over the minimum requirements of human life (Ibid, pp. 7, 21.) This is the best part of the plan.

And now for the offensive. How is this going to be achieved? In the third chapter, "Economic Plan Explained". it is expected that the industrialists would discuss and explain the plan. It is not a *plan* that is discussed and explained but the economic conditions in India are sketched in brief with a few suggestions of reform. If this constitutes a plan, it is not different from any administrative measure that a Government might undertake or a political programme of any party. The method followed in describing the economic conditions is the one followed by our elder economists save R. C. Dutt. The economic facts

described are factual statements but they do not discuss how they are caused. Visvesvarayya says: "At present nobody seems interested in going to the root of things". (4th Conference. All-India Manufacturers' Organisation, p. 4.) But for the fact that they have discussed the national minimum in a concrete manner, the method they followed in the rest of the memorandum is abstract.

Planning is an offensive, an attack on the social processes that condition poverty, low national income, unemployment and other evils, combined with a purposive policy of destroying the evils and creating new social processes, which remedy those evils, through means of a state whose interests are identical with those of the planners. The Beveridge Report is an attack on five big giants, want, disease, ignorance, squalor and idleness. (Sir W. Beveridge: "The Pillars of Security and other War-time Essays and Addresses", London 1943. p. 42; See also G. D. H. Cole: "Beveridge Explained", Bombay 1944. p. 59.) While the industrialists recognised this in their discussion on the national minimum, in the actual plan, they have not gone to the root of the matter.

In the case of liberal democratic capitalist countries, there is a tradition of social legislation behind, achieved with the sweat of toil, tears and blood of class struggles. In India, we lack those modern traditions which is complicated by an alien state. The industrialists choose the path of least resistance. This is more visible when they come to discuss agriculture. It is not true, as it is alleged that they have not given consideration to agriculture. But they have omitted two most important considerations. One is the question of the movement of population and related to it is the question of "pressure of population". The other is the question of land tenure.

The question of the pressure of the population and its movements has not been studied with any precision. It is so important because

how much industry and agriculture will absorb the excess of population and the proportions in which it absorbs, and the balance it is said to achieve is dependent on these studies. The industrialists have made no reference to this question. They confined their agricultural reforms to cooperative farming as a measure against fragmentation of land, to the prevention of soil erosion and to reduce the burden of agricultural indebtedness.

The question of land tenure is ignored. The cyclone and the famines in Bengal do not seem to have any effect on the industrialists. It is not clear whether their suggestion of cooperative farming includes land reforms. They conclude that in achieving cooperative farming "some measure of compulsion appears desirable". (Ibid. p. 31.) Studies made on the famine crisis in Bengal reveal that it was the agricultural classes that have been hard hit by the crisis. "Our investigators clearly show that the agricultural labourers are the worst sufferers in the present condition. Their proportion is 47.7%. Next to them are the cultivators of the soil (owner-cultivators and tenant-cultivators) who form 25%. (Study of the Staff and Students of the Department of Anthropology of Calcutta University. 25th September 1943. "Hindustan Times" 28th September 1943.) From the time of the permanent settlement of land in Bengal down to the Floud Commission, there is continued agitation against the system of land tenure in Bengal. Outside Bengal, weighty Commissions like the Prakasam's Report and the Malabar Tenancy Report urged the need for land reforms. If agriculture is to be an integral and creative part of national planning, the whole face of the countryside must be changed. It is being done in China. Sir M. Nanavati at the Fourth Agricultural Conference held at Walchandnagar said: "We have to reform the land system."

In their insistence on priority being given to the basic or heavy industries, the industrialists are right. (Ibid. p. 25). They say: "We

consider it essential for the success of our economic plan that the basic industries, on which ultimately the whole economic development of the country depends should be developed as rapidly as possible." (Ibid. p. 26.) While making observations on U.S.S.R. on this point, the authors suggest that we should avoid the hardships and the sacrifices of the Russians. But Strauss whom they quote on U.S.S.R. writes whether such things are possible without a sacrifice ? (op. cit. pp. 191,192.)

With reference to production of power, education, roads and canals, there is not much difference in view between the plan of the industrialists and the Government re-construction plans. The All-India Manufacturers' Organisation and the National Planning Committee are also agreed as to the importance of production of power. Dr. Ambedkar in inaugurating the Policy Committee of the Re-construction Plan stressed on this. The industrialists did not neglect the question of roads and canals. Sir K. Mitchell in his speech on road-development (Gwalior, October 4, 1943), stressed the importance of rural communications. Agricultural production is partly dependent on marketing. It in turn is dependent on rural communications. Each acts on the other. The Food Grains Policy Committee, referred to the inadequate attention paid to the transport question by the Government. It is refreshing to note that the industrialists gave attention to these vital agricultural problems while in some quarters these are minimised.

All this is admirable economic writing. How a planning committee, representing a national government, in future, will work out this problem is not told. Is all this planned economy, I ask ?

On the question of finance, a unity of the interests of the financiers is *assumed*. Throughout the memorandum, a *farther unity between the National Government and the industrialists* is assumed. The National Planning Committee is a guide in this respect. The second session of the National Planning Committee passed a resolution (when the

Congress Governments were still in power) that no new factories should be allowed to be started without taking into consideration such factors “as desirability of location of industries . . . prevention of monopolies, discouragement of the establishment of uneconomic units, avoidance of over-production and general economic interest of the province and the country.” (Handbook No. I, p. 70.) This is no doubt one of the factors that contributed to the discontent of the industrialists. The resolution implies *planned production* in a system of private property. We cannot visualise more than a Government of landlords and capitalists after independence and whether such a Government will undertake a planned production is to be seen. Only a crisis, and a high degree of democratisation may make it possible for a limited planned economy. This is the farthest I can travel in the future unless my historical sense is wrong.

The sources of finance are expressed in such disarming phrases that it precludes us from expressing an opinion. All that we can say is that capital, the accumulation of commodities has its own laws. The ideas of the owner of “accumulated commodities “are also important. Their tendency is individualistic ...” Industries live by strangling each other.” (E. F. M. Durbin: “Politics of Democratic Socialism”, p. 101. See also for difficulties of planning within a competitive system, “Economic Reconstruction—A Study of Post-war Problems” by J. R. Bellerby, Vol. I, National Industrial and Regional Planning. London 1943. p. 343.) Neither the Bombay House, nor the Scindia House could forget the “freight wars”. Nor could John Mathai forget the pleadings of the smaller steel companies against the Tatas in their evidence before the Tariff Board. The Mukund Steel Rolling Mills, Lahore, (letter of 28th September 1933) pleaded that the cut-throat competition practised by the Tata firms should be put a stop to. (Indian Tariff Board-Statutory Enquiry, 1933; “Steel Industry”, Vol. III. p. 18; see also pages 25 and 184.) The Millowners could give examples of struggles among themselves. (See

"The Cotton Industry", being the Report of the Journey to India by A. S. Pearse, 1930. p. 4.) In the face of these realities we cannot but hold to the law that capital is voracious. It is always for expansion. What degree of control can be achieved is a matter of historical specification. At present, as the industrialists admit figures relating to capital except from private balance sheets are not available. We do not also know the ratio of the relation of the product to capital. All these are important problems to consider in the financing of a plan.

Much is made of "created money". But the authors themselves expressed the scope of its operation, in a democratic state. Historically, it has been possible but its actual working is to be seen. In U.S.A., the New Deal not only created money but 'managed' it, with all the attendant evils in the wake of a banking and financial crisis. This was in a phase of decaying capitalism. But in one thing the authors succeeded, that is, in preparing the people not to be afraid of figures of astronomical magnitude. When Visvesvarayya announced his Rs. 1,000 crore plan, people were aghast. The industrialists familiarised the figure of Rs. 10,000 crore. And now Roy eclipsed them all with his Rs. 15,000 crore.

The last chapter expresses the stages of the development of the plan. It is based so far as the form is considered, on the Russian model of three five year plans.. The principles with which they wish to usher these stages are sound and the theory behind the working of planning, i.e., one plan being a base for the other is equally sound. Visvesvarayya blessed this plan especially its working out by stages. But where is the plan?

B. The Speeches

We now continue to discuss the policy of disarmament carried by the industrialists outside their memorandum. I think the industrialists are infected with an enthusiasm for their first gotten child: the plan. Birla asked the readers to be critical of their plan irrespective of their

caste. (G. D. Birla: "The Plan Explained", "The Eastern Economist", 10th March 1944). He believes that complete socialisation on handing over the industries to the Government would be in the interests of the people. He does not think that any capitalist in the country would object. But he is of the view that a compromise between the two systems of partly private and partly state-control—is the best. (6th March 1944. New Delhi. "Bombay Chronicle". 7th March 1944.) Shroff in his speech at the Progressive Club, affirmed the same faith in 'private enterprise under a democratically controlled state.' ("Commerce", 19th February 1944,). Dr. John Mathai said his ideas move in the direction of state control. . . ("Times", 24th March 1944.) He believes, he said, in a substantial amount of state ownership but with state management reduced to the minimum for the present. . . . But what is the state ? Purshottamdas described it as a national government responsible to the people with legislatures elected by the people. Tata referred to, in his Rotary Club Speech (24th February 1944), a government founded on the will of the people. We await the state and the Plans.

The whole memorandum is written as it were in a vacuum. They did not discuss the *existing ideas on planning*, or the *existing economy* or the social relations hidden behind the quantitative ratio between capital and income although they promised a discussion of the distribution of income in their next study. The authors, in spite of their "class succeeded in rousing intense discussion on their plan"

CHAPTER – X
SOME IDEAS ON PLANNING
A. Planning in Britain

Outside U.S.S.R., it is U.S.A. that has produced vast literature on planning. It was there that the crisis was most severely felt right up to the outbreak of the present war. An American writer traced up planning activity from her “pioneering days”. It is true that the town development in U.S.A. was largely the work of planning. There was such a demand for plans that “plan-salesmen” appeared on the scene. (“Planning for America” by G. B. Galloway and Associates, New York, 1941.) Outside U.S.S.R., planning proper dates with the world economic crisis. Thrisher notes three levels of analysis in planning: the engineering, the economic, and political. In U.S.S.R. these are integrated. In U.S.A., the technological analysis dominated the period 1930-35, because it was there that the capitalism made large strides in technical developments. The crisis was attributed to the machine. “We have had”, writes Thrisher, “blue prints for planned economy, charts of plenty and various technocratic schemes all revolving around the physical possibilities of our productive machine and deploring, whether explicitly or by inference, the sad pass to which it has brought.” (“American Economic Review”, Vol. XXV, 10th September 1935. pp. 497-8.) Technocracy was the watchword of the day. A government of the technocrats managing the industry preventing crisis was the new fashion of the day. President Nicholas Murray Butler, in appointing

the University Commission, to study this problem wrote: "Columbia University, so far as its resources will permit, should lead in *an attack* upon this problem. The trained competence and the high imagination of our wisest scholars should be given opportunity to fix their attention on these matters and the challenge of our changing civilisation which accompany them". ("Economic Re-construction". op. cit. p. vii)

Literature expressing the political and economic analysis of planning also made its appearance during this period. The tradition continued. A National Conference on Planning was held at San Francisco in 1940. To-day we hear of several planning conferences being held in U.S.A.

In Britain, ever since the last war, some sort of re-construction schemes were talked of. 'Homes fit for heroes to live in' found expression in literature on planning houses and in the social measures inaugurated by the various ministries. In 1932 the 'Political Economic Planning' group came into existence. Planning around this period (1935) has been confined "to *ad hoc* schemes to prop up tiny sections of industry which are faced with competition from more efficient sources overseas. No attempt has been made to unify them or link them with the interests of other industries or of similar producing areas abroad". ("Economics of Planning—Principles and Practice. By H. R. Burrows and J. K. Horsefield. Pamphlet No. 1 by the American Academy of Political and Social Science. Philadelphia, 1935. p. 28.)

The traditions of municipal socialism, the social legislation initiated by Lloyd George and the activities of the Fabians accustomed the British to the idea of State control. This gave rise to the popular notion that economic ends could be gained by a wise management of the state. Socialism came to be understood as identical with state activity. The nature and character of the state was not questioned. Liberals and Conser-vatives alike came to the acceptance of the view that laissez-

faire has come to an end. They came to be tolerant of capitalism. In 1926, Keynes expressed the idea that "capitalism, wisely managed can probably be made more efficient for attaining economic ends than any alternative system in sight". (J. M. Keynes: "The End of the Laissezfaire". London, 1926, pp. 52-53.) In those days, Keynes was a progressive liberal. In the academic circles, the debate continued. Neither the war nor the crisis has made serious inroads into "British aversion to theory". The Englishman continued to be empirical. The exception is the governing classes who have a consistent theory, in their attitude towards the colonials. The material and cultural basis for this "aversion to theory" have not changed. The insularity, the prestige and the wealth of Britain, the feudal aristocracy, the system of gentlemen education and the exclusion of youth from the share of public life are the factors that explain this aversion to theory. (See K Mannheim: "Diagnosis of Our Time—War-time Essays of a Sociologist", London 1943. pp. 40-43.) It is precisely these factors which collectively contributed to a consistent theory in their external attitude towards others. At home, he is not only a master of his castle but an empiricist. At the same time, we find men like Haldane and Tawney always urging a return to "First Principles".

In 1935, when business revival was taking place after the crisis, we find mixed ideas dominating economic thinking. We have already noted that the Federation of British Industries in 1933, desired a cooperation between Government and industry. The Macmillan Committee, the product of the financial crisis in Britain, reported that 'an era of conscious and deliberate management must succeed the era of undirected natural evolution'. (Quoted in "Planning for Employment: A Preliminary study of some Members of Parliament". London, 1935. pp. 53-54) The debate between the principle of laissez-faire and the principle of state action was summed up by Pigou in 1935 as follows: "The issue is not one of yes or no, but of more or less; of delimiting an uncertain frontier,

of weighing, in different departments, conflicting advantages, the balance of which sometimes tips to one side, sometimes to the other." (A.C. Pigou: "Economics in Practice": Six lectures on current issues. London, 1935. p. 110.) Another way of thinking on this question, is expressed in what is called the London School. Wootton and Dobb took the view that without controls of the means of production, regulation of economic life is impossible. (See B. Wootton: "Plan or No Plan". London, 1934. p. 320) Others were pessimistic like Robbins and Robson. They wavered between the two. This is an index to current thinking on this issue in Britain in 1935.

After 1935, Britain began to feel the effects of the crisis. The Anglo-American conflicts in the Atlantic and the Pacific became visible. The advent of a Hoare. Halifax, Simon clique headed by Britain's most mediocre premier (See Laski's article on Neville Chamberlain) brought her prestige abroad to a low ebb. The Hoare-Laval deal in Abyssinia, the exclusion of the younger men like Eden and others from the Government, the policy of non-intervention in Spain and the Munchen deals shook Britain's prestige. The middle classes were stirred out of their customary stolidity. The Left Book Clubs became popular. The traditional aversion to the intelligentsia is now broken. The youth of the various countries organised into a world Congress made deep impressions on the British governing classes. Some of the popular demonstrations between 1938-39, eclipsed previous records. The revival of British patriotism coincided during this period with the demand of the *British people*, of freedom to Austria and Czechoslovakia. It was indeed a period of a great crisis, what Saint Simon would call an organic crisis. A re-valuation of ideas was taking place which signalled the coming of Churchill and Eden.

The present war and the battle of Britain once again stirred the British people averse to theory, to social thinking. The Left Book Clubs

and the Progressive movements which prepared the middle classes for an attack against traditional modes of thought bore fruit during the Battle of Britain. Emerging victorious out of the Battle, Britain began to think of reconstructing her life. Powerful emotional factors added zest to this new critical thinking. Since 1939, re-construction is used in the sense of *re-conditioning*.

After 1941, the changed economic thinking which emanated from conservatives alike became a collective expression for planning. The last two years witnessed unparallel activity in planning in Britain. Not only towns and cities but also agriculture which has long been neglected, came up for planned activities. Committees and Commissions registered the end of British aversion to theory. This is by no means general. The London School which is the most progressive has its other side also. Hayek with his fondness for continental writers who have written a *decade ago*, represented a school that is his own and not general.

The Barlow Report is the first medium of planned activity. The Royal Commission on the distribution of industrial population which is known as the Barlow Commission, made important recommendations which have become the basis of activity for many town planning associations. Institutes for town planning also cropped up. The Oxford Conference of the Town and Country Planning Association which met in 1941, became the leader for this activity. The conclusions of the Barlow Committee are familiarised. They are:

(1) That piece-meal planning by means of numerous local authorities was not an adequate solution and that *national action* was necessary.

(2) That for this purpose, a *central authority*, national in scope and character was required.

(3) That a consistent policy of *national action* should be pursued. (These are the first three conclusions: quoted in Re-planning Britain-

being a summarised Report of the Oxford Conference of the Town and Country Association. Spring 1941. Edited by F. E. Towndrow. pp. 19, 20; Barlow Report pp. 201-2, para 428.)

(4) Encouragement of a reasonable balance of industrial development throughout the various divisions or regions of Great Britain coupled with appropriate diversification of industry in each division or region. (Ibid. p. 22; Chapter 4, para 428. page 202, Barlow Report.) It is not that these ideas are new but that a large portion of British people came to accept these ideas, that there has been a change in the British traditionally averse to theory, in *the direction of conscious acceptance of theory* as a guide to action.

With the emphasis on state activity for planning, conservative men are also moving in the direction of changing their ideas on state. Laski is for a long time speaking about the reforms of the Parliament and the Cabinet. These progressive ideas have now come to be accepted by many. Purdom writes: "An experienced Conservative Statesman said years ago, 'If we are to enable the people of these islands to re-plan their social life, government must begin by re-planning the structure of its legislation and administration and that re-planning must begin at the centre in the reform of Parliament and Cabinet.'" (C. B. Purdom: "The New Social Order". London, 1941 p. 28.)

This conscious acceptance of theory is illustrated in the insistence on the choice of right men to direct planning activities and on the education of the planners. It is also illustrated in the founding of the Planning Institutes and Associations. The report of the Committee on Land Utilisation in Rural Areas appointed by the Ministry of Works and Planning, known as the Scott Report, says:

"We are of opinion that many employed as 'town planners' are inadequately trained in the broader aspects of their work, especially in their knowledge of agricultural and rural matters and in their

appreciation of landscape and landscape architecture," (Ibid. p. 36. Quoted in "Regional Planning", an outline of the scientific data relating to Planning Great Britain. By L. B. Escrett. 1943. p. 56.) The importance of knowing "the anatomy and biological developments" of towns is also stressed. The planners must know their limitations. They must know the architectural engineering and sociological elements in a design. They must recognise the importance of continuity in surveying and planning operations. (Ibid, pp. 11, 59.) Such are the activities of these institutes.

In addition to this change to conscious purposive direction we find the recognition of the difficulties and limitations of the planners. Gutkind asks: "Where are the men who can carry this enormous work to success? Plan the planners is the answer. The education of planners should be made part and parcel of the National Plan." (Creative Demobilisation, Vol. I. op. cit. p. 53.)

U.S.A. also has recognised this need. The American Society of Planning officials together with the American Institute of Planners have edited a Report on "Personnel for Planning". This Report defines a planner as "a specialist in seeing the relations between and correlating the work of specialists." (Ibid pp. 54, 56.)

This is ample evidence to the end of British aversion to theory. As in the period of the crisis of 1929-33, so in this period of the War and crisis we find many speculative people turning their minds to world organisation and world order. In Britain, there is the world Federal Union. There is the Federal Research Institute. Canada and U.S.A. have drawn another scheme of world organisation. Streit's "Union" has its own votaries of Anglo-American collaboration. Books on World Federal Planning have already appeared. (Patrick Ransome: "Studies in Federal Planning". London, 1943.) All this is to show the relativity of ideas and how under impact of physical and emotional crisis, men

react to the degree of their critical ability. The battle of Britain is the immediate incentive for such changed activity of planning.

In U.S.S.R., planning is part of her social philosophy and a social obligation after the revolution. In U.S.A., and Britain, it is the product of the crisis and war. In India, the basis for planning is not the crisis, but the need for a conscious attack against the government as the heir of problems that need solution. Planned economy with Visvesvarayya is a *disinterested* political work. With the Indian Economic Association, its interest is academic. With the National Planning Committee, its interest is political. With the *industrialists*, its interest is economic. With the Government, its interest is administrative. We can see the varieties of interests at work in drawing up the plan. Not that there was no crisis. India had many crises. Today, industry in India is not in a crisis. The people who are in distress are the workers, Kisans, and the lower orders of the middle classes. The numberless unemployed, the beggars and others,—they are the ones affected by a permanent crisis. Labour is critical of the plans, but one section of labour has drawn its own plan. The basis for the drawing up of a plan for the industrialists is the need of capital for self-expansion. The struggles put up by the industrialists for help from the Government for the starting of heavy industries are rationalised in the Tata Plan. Britain in her early days in India played a regenerating and destructive role. It destroyed feudalism. It effected a social revolution in India, Its creative work is over. Indian industry has a double role, a self-regarding and other-regarding, the self-regarding in enriching itself; the other-regarding in incidental benefits accruing to the rest of the society. It is the social needs, the nature of the state, the configuration of class-relations that determine the dynamics of a plan.

B. The State

A distinguished economist and a sound administrator that is Sir William Beveridge. He is one of those progressive Englishmen of the Conservative group. His scheme for "social insurance and allied services" (London 1942) reflects the direction in which Britain is moving. He writes: "Now when the war is abolishing landmarks of every kind, is the opportunity for using experience in a clear field. A revolutionary moment in the world's history, is a time for revolutions, not for *patching*" (Report p. 6.) It is instructive to note that such a statement should come from Sir William. Britain has known 'state activity' ever since its birth as a national state when Henry VIII declared "This realm is an empire". The question that came to be singled out for debate so long is the range of state activity. Is private control of the means of production to be within the state's domain ? That is the problem. The answer depends on knowing the nature of the state.

The state is the organisation of force at the disposal of a class that is in power. In a system of private property relations, it is always at the disposal of those who own the instruments of production. (Laski: "Political Theory and the Social Science. Institute of Sociology, 1935. p. 120). A sectional state and a National Plan do not go together except in periods where their interests coincide, as in a period of rising capitalism or in a period of crisis, or in a state where a high degree of democratisation obtains. The essence of planning is control. . . control over credit and investment, national and regional control, and planning of the distribution and location of industries, control over priorities in rebuilding and re-settlement, control over over-seas trade, both exports and imports. "These four controls are the essential pre-requisites of any kind of effective national plan." (Jim Griffiths: "Plan for the Key Industries" in "Plan for Britain"— a collection of essays prepared for the Fabian Society, pp. 54-55.) These controls to be effective must be

exercised by a state whose interests are also identical with those of the controlled. The Fascist State exercises controls that run counter to those of the controlled. Hence it is obligatory to know the nature of the state.

The domain of control is conditioned by the circumstances. Sir William Beveridge in his work "British Food Control". summarised the experiences of the last war. This war also reveals the need to control production at all stages "from the producer to the consumer". (Beveridge: "Some Experiences of Economic Control in War-time". 1940. pp. 19, 20, 23, 27.) The various Price-Conferences in India also led to the same necessity of an all-comprehensive control. (D.R. Gadgil and N. V. Sovani: "War and Indian Economic Policy". 1943. p. 123.) The ugly struggles in Bengal, the Punjab and Sind on the question of Food Controls and prices disclose how difficult and *necessary* it is to achieve a comprehensive control. The Bombay Government has now taken the step of controlling crop-production. One leads to the other. Since it is the state that exercises these controls, and since it is absolutely necessary to control all spheres for an effective national planning, can it do without trespassing 'private domains'? "Private control of means of production is not an essential liberty of the British people," writes Sir William, "not more than a tiny fraction of British people have ever enjoyed that right. I myself have never owned any means of production except a fountain pen and an occasional tool." ("Pillars of Security". op. cit. p. 49. See also "Freedom from Idleness" in "Plan for Britain" op. cit. pp. 92, 93, 98.) It is essential that they be controlled. Prof. Laski comes to the same conclusion. ("Choosing Planners" in "A Plan for Britain". op. cit. p. 122.) These three writers, Griffiths, Beveridge and Laski. while admitting the need for control of the means of ownership, and the difficulties involved in planning within the framework of private enterprise, make a distinction between ownership and management. Beveridge is for a way

of combining national planning with the retention of private enterprise for the sake of agreement and adjustment between various sections and demands ("Freedom from Idleness".p. 99.): "We need a selective combination of methods, we need various types of general control of prices, of investment, of transport and raw materials. We need probably public monopoly ownership in certain fields, private enterprise subject to public control in other fields, private enterprise free of any save the general controls." ("Pillars of Security". op. cit. p. 107.) In any case, he argues for public control. (For examples, see "British Experiments in Public Ownership and Control"—a study of Central Electricity Board, British Broadcasting Corporation, and London Passenger Transport Board by T. H. O'Brien, London 1937. p. 16, 17.)

There are others who think that without the ownership of the means of production and the products, major economic decisions have to be made *firm by firm* thus negating the purpose of planning. (Barbara Wootton: "Plan or No Plan", p. 320.) She also admits that without such comprehensive control, sectional planning is possible. She also makes a distinction between ownership and controlled management.

At the Oxford Conference of the Town and Country Planning Association, Sir Ernest Simon declared for abolition of individual ownership. J. F. Eccles declared that the state should acquire the freehold of the whole land of the country. Since land control is an essential pre-requisite for Country and Town Planning, the speakers urged such a step. ("Creative Demobilisation", Vol. I. op. cit. p. 100.)

We can now trace the evolution of the debate on the question of *laissez faire* and state activity. State activity has been admitted to be necessary. Next, the debate centred on the limits of state's activity. Pigou limited it to the circumstances. Next it centred on the question of the ownership of the means of production, whether state activity is possible without such ownership, i.e., comprehensive control. While deciding in

favour of ownership they made a distinction between ownership and management. The debate is now on the question of the state itself, i.e., the state in a system of private property relations or the socialist state. In order to retain the state of private property, it is suggested that the state should be reformed. Laski and Mannheim hold this view. The justification of such states lies in the circumstances of the day. We see the advance made in thinking on the state. It is not the state in general but the state *that obtains at a given period as the organ of power of a dominant class*. In making plans, this has to be borne in mind.

In India, the principle of the separation of ownership and management is accepted. The National Planning Committee and the Tata Plan have distinctly made references to it. But what they have not discussed or anticipated precisely is the nature of the coming state, the 'national state' or 'the democratic state'.

C. Class Struggles

Many deny the reality of classes and class struggles. Tawney has pointed out how real it is. (See Preface, "Religion and the Rise of Capitalism".) Many Catholic writers have now come to accept this reality of class struggles. Louis Anderson Fenn of the Auxiliary movement, a Christian socialist, admits the reality of classes and struggles. ("The Project of a Planned World", 1933. pp. 38-39.) The Master of Balliol, Lindsay admits the reality. "Class", he says, "is an economic fact". ("The Modern Democratic State. Vol I. By A. D. Lindsey. London, 1943. p. 42.)

Class struggle is not a new fangled idea that came from the head of Marx. He said in a letter to Weydeymer that long before him, historians like Guizot and others used it in their works. We find Machiavelli an exponent of this idea. His "History of Florence" is a history of class struggles. The notion of class conflict did not date with Marx. Nor did it

date with the French Revolution as M. Dobb thinks. (See the "Economic Basis of Class Conflict" p. 135 in *Class Conflict and Social Stratification*. Institute of Sociology. Report of a Conference.) We see it in the Works of Plato and Aristotle. We find it in the writings of Madison. A guildsman who has every chance of knowing what a class is, for guilds are essentially class organisations, denies that classes and their struggles are the motive forces of social development. He characterises this theory as grotesque and false, (A. J. Penty: "A Guildsman's Interpretation of History". London 1933. 3rd edition, p. 7) while admitting the reality of class struggles.

There are others who, knowing they exist, do not recognise them. Barbara Wootton writes: "... It is not generally held to be good taste to refer to class distinctions, or even openly to admit that they have any reality. Ours is not an official, recognised caste system such as is found, for example, in India. It is something unofficial, unadmitted. One must adapt oneself to it, while at the same time pretending that it does not exist" ("End of Social Inequality", a programme for ordinary people, London, 1941, pp. 9-10.) In India, while admitting the caste, class is denied. Castes are stratified classes. Our provincial, communal struggles are at bottom class struggles accentuated by the fact that we belong to different nations and tribes.

The analysis of the class structure in a country, their alignments at different places and at different times is an important factor in drawing up a plan. If this is ignored, the plan drawn represents the interests of those interested in it, and leave out the others behind antagonistic to the plan. "Planning based on inequality of classes or estates cannot last long because these inequalities will create so great a tension in society that it will be impossible to establish even that minimum of tacit consent which is the condition *sine qua non* of the functioning of a system." (Mannheim: "Man and Society", p. 364.) The state itself being a product

of class struggles aligns itself with those whose interests are identical with hers. Hence the importance of analysing the class structure of the society at a given moment.

Who are the planners ? What interests do they represent ? Do their interests coincide with those of the whole people? What is the state, imperialist, feudal state, or after independence a capitalist landlord state? The two important elements to be considered are the state and the class structure. The third element is the *appraisal of the social needs* and how to achieve a plan under these circumstances.

CHAPTER – XI
THE PLAN FOR A PLAN
A. Planning in U. S. S.R.

“We must not forget,” writes Karl Mannheim, “that up to the present history has not produced genuine attempts at planning, since the experiments of which we know are blended with the spirit either of oriental despotism or military dictatorial traditions,” (Mannheim: “Man and Society”. p. 7.) This book was written in German in 1935 and appeared in English in 1940. In 1935, the second Five Year Plan in U.S.S.R. was in full swing. In 1940, the third Five Year Plan was already in progress. By this time, opinion concerning the Planning System in U.S.S.R. has come to take a favourable turn with the exception of some critics. Either Karl Mannheim is unaware of these plans, or if he is aware, he does not consider them to be “genuine attempts”. In U.S.S.R, the plans are not “*attempts*”. They are plans. They have succeeded in achieving the objectives even if at a sacrifice, and the Fabian Webbs have paid an immortal tribute to the success of the plans. A colleague of Mannheim, Sir William Beveridge writes: “The achievement of Russia is a most impressive phenomenon and a most impressive proof of the possibility of rapid change by resolute national planning.” (“Freedom from Idleness”. op. cit pp. 89-90.) Mannheim is evidently referring to plans in U.S.S.R. when he speaks of known *experiments*. A plan is different from an experiment The Russian people are not interested in experimenting with life and their economic system.

If plans go wrong, they take up the subsidiary plan, but that is different from an experiment. "Drawing up of the plan is only the beginning of planning. Real planned guidance develops only after the Plan has been drawn up, after the checking up at localities, in the course of effecting, amending and defining it, writes Stalin. It is also clear Mannheim does not understand the system of Government that prevails in U.S.S.R. He falls into the usual error of considering "democracy" in general and not democracy in relation to the class content it discloses. The Government that prevails in U.S.S.R. is democracy of the workers, peasants and technical intelligentsia. It is democracy of the people. The form that democracy has taken shape in U.S.S.R. is dictatorship, but dictatorship and democracy are not incompatible. In U.S.A. and Britain, *the liberal capitalist democracy* which must be distinguished from socialist *democracy* is in the form of a Dictatorship. In Britain, it is the dictatorship of the cabinet. In U.S.A., it is the dictatorship of the President, tempered by the Congress and the Supreme Court. The proof of the pudding is in the eating. The successes of the heroic Red Army, Navy and Air Force, backed by the moral and material unity of the people of U.S.S.R. is proof of her genuine planning system and socialist democracy. The cultural level of the people of U.S.S.R. which is reflected in her people participating in *planning*, in the rise of *cadres* and *technicians* and in the Stakhanovite movement, cannot be products of oriental despotism or of military traditions.

Mannheim is a German refugee. He has occasion to study the system of Government in Germany at the time of his departure. He has knowledge and culture to enable him to appraise the differences in the different systems of Government. He came to Britain. He succumbed to her liberal democratic traditions. The best exponent of this enlightened and reformed democracy is Laski. Mannheim shares his views. With him 'enlightened democracy' is an absolute. Strange that a sociologist

should believe in absolutes. His sojourn in Britain must have convinced him of the nature of her democracy. Mastermann, Marriot, and Hobson alone would convince him of the class nature of democracy in Britain. With his own belief in the absolutes of 'democracy' and 'parliament'. he writes that Marxist research bars the way of regarding the economic and political factors as absolute and makes it impossible to proceed to the sociological factors proper. (Ibid.) Marxian sociology does not ignore subjective psychological factors. It considers them in a social setting. Man makes himself, wrote Marx, but not freely. The fact that the people are behind the plans, the fact that it is the people who built the powerful war economy that is inflicting defeat on the greatest war mechanism of the age, are proofs of her socialist democracy and sound planning.

B. Congress and the People's War

What is to be done ? What is the plan for India ? Any plan that is drawn must '*indicate what should be done now*' to use Nehru's own words.

We know the state in India. The people of India know what it is. Their experience is two and a half centuries old Whatever the differences between the various political parties, they cannot deny the knowledge of the state. The Indian National Congress, the Muslim League, the Communist Party, the Kisan Sabha, and the students know what it is. It is an alien bureaucratic state, governing India in the interests of Downing Street. Often the men on the spot to whom responsibility is thrown at times of convenience do not exercise their discretions. We have very few Warren Hastings and Lord Curzons who could defy Whitehall and Downing Street in the supposed interests of the Indians. But for the most, they are men on the spot only. Lord Linlithgow came with a big name. But he was too amiable, too much of a country squire, too dependent on Whitehall to leave anything permanent.

We know the class structure in India. We know it better in our caste system, in our communal religious tensions and provincial prejudices. We know our social heirarchy from our princes, landlords, capitalists, workers, kisans, and middle-class intelligentsia that comprise our professional political classes, and the interests that divide and unite us. Outside these, we know the distinctly communal organisations like the Hindu Maha Sabha which are in reality class organisations. The political organisations contain within themselves classes of varying degree that assert themselves and align with others as circumstances arise and as their interests dictate. The depressed classes, the Christians, the Parsees, have their own gradations of classes within themselves, differentiating themselves into rich and poor, orthodox and progressive and into such other divisions.

We know our social and cultural surroundings which are the products of three despotisms—the Hindu, Muslim and the British. The occasional revolutions that have taken place in the past, breaking the bonds of the old in accordance with needs have now become rare. The Mutiny is now only a memory. From political mendicancy to constitutional agitation, from constitutional agitation to non-violence creed, with occasional hartals and civil disobediences,—such has been our political agitation. We halted at a stage when it reached a sufficient mass character only to end in a deadlock. The renaissance and the reception did not flower into a revolution. They floundered on the immobility of our social structure.

We know our problems. The plans themselves describe our economic social conditions. The political expression of the solution of our problems is the demand for independence which the Congress and other political parties have been agitating for long. The major objective is independence to solve our own problems. While agitating for the main objective we have also taken up other problems that need solution which

form planks in the agitation against the Government. It is expressed in the resolutions of the various political organisations.

What is the situation today? The international situation has educated us to the fact that from the East and the West, India has to fear Fascist aggression, from Germany and Japan. Today Japan has already made a token invasion of India. Germany was thwarted by the valiant efforts of U.S.S.R, in its east-ward march to India. Our own danger and the cause; which, in the circumstances of the international situation are also identical with the cause of the United Nations, makes it obligatory to participate in the People's War, as part of the World Front of People against Fascism at home and abroad. Our Government at present is a participant in the People's War. Some political organisations are participating in this war. The Congress is not participating in the war at present. It is difficult to shed suspicions on both sides on one day. But today, when the war in the west is promising hope, and war in the east is inside our gates, it is all the more obligatory after the experience of three years to see where the interests of the Congress stand. Books are published today showing that Gandhi is against Fascism. Nehru's stand against Fascism is noted even by the document on Congress disturbances. By participating in the War, we will not be helping imperialism. We will be helping ourselves in solidarity with the peoples of the world *for the struggle for conditions which enable us to participate in the People's War. To be afraid to take an erstwhile enemy as our ally is to lack self-confidence in ourselves.*

A People's War is for People's Peace. We fight for conditions of peace at home—for social security fight against five giants: want, disease, ignorance, squalor and idleness. It is these that we fight against in a People's War. We tell the Government that we cannot fight *effectively* with these giants at our elbow. *Participating in war is not acquiescence in the Government's policy.*

Now with the leadership arrested, the Congress has abdicated its functions. The rest of the Congressmen are awaiting the release of the leaders. The Government is awaiting the decision of the leaders. The result is deadlock. Meanwhile, the Government is going ahead with its work unquestioned, save for occasional Congress speeches in the Assembly. They are going ahead with their re-construction plans. Today, with the Congress out, opposition is feeble even from elements who are participating in the people's war. What is the way out ?

C. All-India Planning Commission

We cannot separate politics from planning. For the present, it means, that we have to draw up *well-thought out measures* in alliance with all those sections who are engaged in it *for a coordinated effort*. We will take into account those who are now planning outside the Government. They are, (1) the National Planning Committee, (2) the All-India Manufacturers Organisation, (3) the industrialists (the Tata Plan) and (4) writers. All these admit *the inadequacy of data*. They lack the compelling authority of the Government. Therefore, *if it is possible* to get the co-operation of the Government, as the National Planning Committee obtained, in drawing comprehensive surveys first, it is well and good. Possible or not the various bodies should constitute themselves into "*An All-India Planning Commission*". In addition to the elements mentioned above, it must invite Muslim Chambers of Commerce. The Federation of Chambers of Commerce and Industry is represented by four members. The All-India Muslim Chamber of Commerce and Industry must also be represented. If its representative character is questioned, the various Muslim Chambers of Commerce must be asked to send representatives. Labour, Kisans and Youth must also be represented on the Commission. The National Planning Committee gives the appearance of Congress Committee without the other elements.

With the formation of the All-India Planning Commission, it must set up Technical, *Industrial and Political* sections. Their main function is to centralise and coordinate the efforts, as much as *the circumstances permit*. These sections appoint committees to deal with various subjects as the perfect division of labour suggests.

Statistical Section

We have at present a *Statistical* Institute. In cooperation with this Institute, with the Central, Provincial and State Governments, the Statistical Section must collect all the available statistics. This section is to tackle the problems left unsolved. The recommendations of the Bowley-Robertson Committee must be carried into. The Committee suggested that University students should be utilised in drawing *rural surveys*. All the existing sources of information—the Governments, the Industries, the Universities and individual writers, must be utilised. At present, very *doubtful estimates* are given currency knowing freely well their inadequacy. It is said that Sir William Petty, who had “the distinction of being the founder of modern statistics” in writing about population, trade, revenue and defence used *any figures* that came to hand, however defective and his conclusions were for the most part worthless. (G. N. Clark: “Science and Social Welfare in the Age of Newton”. Oxford, 1937. p. 135.) Every one admits that today our statistics are unreliable.

Every village must have a *survey*. The district collector is the guide in this respect. Village, *district* and *provincial surveys*, all these make the *All India survey*. Punjab excels in having several rural studies. Visvesvarayya is following this method in his propaganda for a Five Year Plan.

Technical Section

This also will have various committees to deal with technical

aspects of planning. *Forest, geological, mining, engineering, genetics*, etc. will be tackled by this Committee. It will work in cooperation with the existing institutes of science.

Industrial Section

This takes charge of industrial surveys, making use of the work of other committees. Its purpose is to study (1) the existing industries, their nature, etc., (2) the deficiencies in the present system, and (3) the scope for development and improvements. An accurate survey on these lines is necessary. The All-India Manufacturers' Organisation has just published a monograph on 'Heavy Industries in India'. The labour section will deal with its own special problems.

Political Section

This is to study the political aspects of planning. Inter-provincial, communal problems have to be tackled by this Committee. These give a direction and coordinate the work of the various Committees. Questions of marketing, foreign trade, and commerce will come within its purview. It is to organise 'an Economic Advisory Council' and publication of literature like Handbook, etc.

These four sections organise research and centralise the existing research organisations and institutes.. Prof. Hill in his farewell address, 4th April 1944, stressed this aspect. The National Planning Committee listed the various organisations engaged in research and particularly commended the work of the agricultural council. The Scientific and Research Board, which is only three years old, has done some limited work. It is suggested that it should be enlarged and freed from political influence. At the Fourth Conference of the All-India Manufacturers' Organisation, Visvesvarayya expressed his disappointment with the slow progress made by the Government in research.

The Research Committee, headed by Sir Shanmukham Chetty, is likely to propose the preparation of two *national registers*, one dealing with persons qualified to conduct industrial and scientific research and the other giving particulars about persons engaged in research. The Committee is sending a questionnaire to important commercial bodies and government departments to obtain necessary information. The All-India Planning Commission can make use of these. Where it feels it should have its own independent registers, they should be organised separately.

A delegation of eleven industrialists are going to visit U.K. and U.S.A. to study industrial conditions. The All-India Planning Commission can arrange similar delegations. Such a move has already been talked of by some industrialists.

It is said that an Industrial Commission is going to be set up. This is long overdue. The All-India Planning Commission can organise its own parallel to the Government's one, especially devoting itself to the consideration of the fourth chapter of the last commission wherein industrial deficiencies were discussed, and compare those with the present and noting the developments if any and laying bare the deficiencies that still continue. It can meet simultaneously with the Industrial Commission and have joint sittings and report separately by arrangement, if each distrusts the other.

A group of scientists have been invited for study by Britain and the All-India Planning Commission can arrange to send such groups for study and report.

Statistics, Surveys, Organisation, of these into plans—such is the work of the Planning Commission.

The Organisational Department of the Planning Commission will allocate the subjects, as they are ready, to the various departments, viz., Industry, Agriculture, Education, Health, Labour, etc.

All this work is to be done jointly with the existing agencies where possible, where impossible, to do *independently*.

The Commission must publish all the reports, data, so that it could be studied by the public. These will serve as *means* for political agitation against inadequacies in the Government Reports.

The Commission will use all the unemployed, especially educated sections to help them prepare the surveys and the reports. It is necessary to train the unemployed candidates in this by a short course on the subject, instead of giving them oral directions!

The National Planning Committee could have continued the constructive work in this manner. Prof. K. T. Shah said the other day that with the leaders in jail, there could be no real national planning. I think this is a negative attitude to be taken by the Secretary of the Committee. The Committee should have carried on the work with the aid of the unemployed graduates. The All-India Manufacturers' Organisation without any adequate staff or finances is doing some work. The industrialists have drawn a plan. Under these circumstances, to await till the return of the leaders is a negative policy.

Finally, the plans from the organisational department will be considered by the Commission. These must be published, and be made the basis for *agitation* for a better plan, if the Government's plans fall short.

Today, planning is a political problem. It consists in this. We cannot wait till the Government furnishes us with the data. We cannot wait complaining all the time. We collect the data ourselves. In so doing, we continue the struggle for a plan, the basis for a plan. Without the conquest of power, it is argued, nothing could be done. While affirming the main objective independence and in circumstances of the People's War we are in, combining our participation in the war with a struggle *for a better conduct of war* and democratic rights and *security* to the

people, a struggle for the release of the leaders and the formation of a Government that will have the confidence of the largest strata of the population, such is our plan for a plan. The Organisation of the All-India Planning Commission cannot be separate from the organisation of a political front for the carrying on of the people's war for a struggle for democratic rights and social security. The release of the leaders is essential. If the leaders are not released, the rest of the Congress with the other political sections should carry on the work. It must take up the problems that arise. Today the problem is one of discontent everywhere, poverty and unemployment, *dearness of prices*, *starvation* in most parts of India, *the discontent of the industrialists and labour*—all these problems call for action. The war situation in which we are now placed, both nationally and internationally also needs our attention. Especially now when the re-construction plans are announced, the only way to meet the situation is not to sit quiet but find out how far we can support and how far we cannot. By a negative attitude we will be allowing the Government to go ahead with their proposals. 'For this, the starting point is *the organisation of the All-India Planning Commission* and the struggle for a political front. This is the plan for a plan. To struggle for conditions that enable us to draw a plan, for social security is to struggle for success of the People's War.

People's Plan for Economic Development of India

At the annual conference of the Indian Federation of Labour in December 1943, a committee was set up to draft a plan for the economic development of India. The Committee consisted of Prof. B. N. Banerjee, Prof. G. D. Parikh and V. M. Tarkunde. They reported in last March 1944 to the Federation. It was an unanimous report.

This report is called "People's Plan for *Economic Development of India*". It is popularly called the Roy's Plan. M. N. Roy, the General Secretary of the Federation, has contributed a preface summarising

the main conclusions of the Report. The Tata Plan is called "A Plan for the Economic Development of India". Roy's Plan is also called by that name except that the word 'People's' is added to plan. The Tata Plan was written by a section of the industrialists, the big ones, and the Roy's Plan was written by a section of labour which seceded itself from the main labour group. The Tata Plan spoke not only for the industrialists but for the whole of India. The Roy's Plan spoke not only for its own section but for the whole of India. In his foreword, Roy mentions that "Labour was not treated as industrial workers only but as the entire mass of people engaged in productive operations." The Tata Plan is for fifteen years with the capital requirements of 10,000 crores of rupees. The Roy's Plan is for ten years with a capital requirement of 15,000 crores of rupees. With the exception of *difference in years* the figures they allocate for various items *are more or less* the same.

	Tata Plan	Roy's Plan
	(P. 43)	(P. 35)
	Rs.	Rs.
Industry	.. 4,480	5,600
Agriculture	.. 1,240	2,950
Communications	940	1,500
Education	490	1,040
Health	450	760
Housing	.. 2,200	3,150
Miscellaneous	200	—
	Rs. 10,000	15,000

Although the differences in figures do not seem to be so great, considering that Roy's plan is only for ten years, the capital expenditure on the items is greater than that proposed by the Tata Plan. In the course of the discussion, we bring out the other differences.

We expected that the plan would be approached from the standpoint of view of labour, in the sense that Roy spoke of. Labour due to its position in life, has a definite outlook, even gradations of it, as we find in all countries. We thought the plan would be written from such a point of view. Except for the fact that this is supposed to be the report drawn by a section of labour, it is not in any way different from the plans that have appeared so far.

One of the besetting sins of writers on planning in India, is, they do not stand on the firm ground of *reality*. The plan is for the future when a democratic people's state comes into existence. The whole historical process by which such transformation takes place, is to be imagined as though that process does not leave any imprint on the state which is supposed to come into existence. We are not even to imagine what such imprints will be like but a *fait accompli* state is presented to us with a bill of fundamental rights attached to it. This is what the Committee envisages a future state. (Ibid. pp. 6-7.)

The problems that are to be tackled are the present ones. In this the Committee assumes perhaps that the problems will not be different in future, as there is no incentive for transformation of the problem at present. For future planning of future problems, by a future state, why should we bother now ? Plan for the present. See what the problems are. See what the state is. Today we cannot go far than a plan for a plan, i.e., plan to achieve conditions for planning. Today, *planning in India means planning a political campaign*.

The Report has more or less the same objectives as the Tata Plan. "The object of the planned economy, must be to provide for the satisfaction of the immediate and the basic needs of the Indian people within a period of ten years. These are in respect of food, clothing, shelter, health and education. In order to satisfy these needs, it will be necessary to expand the present production of wealth in the country.

To achieve this expansion of production with the object of ensuring to everybody in the country adequate nutritive food, sufficient clothing, a decent shelter, and freedom from disease and ignorance, should be the purpose of planned economy." (Ibid p. 7.) Admirable. How are we going to get it ? In the future, by a democratic state which is to be imagined. The bill of Rights does not enable us to grasp the essence of the future state. Is this not Utopia ?

Because of this, all the substance of planning in India amounts to taking certain ameliorative measures by a state. These are given the name of a plan. By giving the name of a plan these measures lack the dynamics of action for the *present*. On the other hand, a campaign for such remedial measure today is more straight forward, realistic and is easily understood by the people. Yes, campaigns involve planning. But the plans we have had so far are not realistic campaign plans. They represent aspirations, Utopias far beyond the vision of the people. The word 'People's Plan' is deceptive in this respect.

The Committee emphasises agricultural development as the paramount need. The income of the agricultural people is to be increased. Peasant indebtedness must be wiped out. Land must be nationalised. Mechanisation of agriculture should take place. There must be intensive cultivation. Manures should be used extensively. Soil must be studied. Such is the burden of the chapter on "The Plan of the Economic Development". (pp. 11-35.) "Reform and Re-organisation of our agriculture will guarantee a wide distribution of the increased income and will thus lead to an expansion of the internal market so as to enable it to absorb an increasing volume of consumer's goods." (Ibid p. 21.) From the first Famine Commission Report, down to the Flood Commission, we hear the *same refrain*. The Committee follow the recommendations of the Flood Commission. In spite of a famine, a cyclone, a threatening war, in spite of Reports and Commissions on

the situation in Bengal, nothing has been done. Our planners assure us that it can be done by a *future state*. A future state arises out of the womb of the present. When we have no plans for the present, to tackle the problems - out of which arises a future state—how can we trust them to a future state. This is evasion.

If the People's Plan were to be a campaign for the improvement of the agricultural conditions, by all means let us have such a one. Why leave it to the future ? The *present state will not go, giving place to a future one, because you have drawn a plan.*

The insistence on the development of consumer's industries as the immediate objective of the plan is also running counter to what actually the present industrial situation in India is. In the future it is possible that such a situation arises but as the Committee itself recognises "*the development of the consumer's goods industries to an extent contemplated by us cannot be brought about without a substantial increase and development of the basic industries in the country;*" (Ibid. p. 22.) This depends on the appraisals of the situation at a given time, the prime needs and the nature of state.

The measures recommended for the nationalisation of land are essentially moderate and liberal. They do not go beyond the Floud Commission. In spite of it, nothing has been done at present and how can it be done *by a future state; unless it is a socialist state ? The Committee agrees that these cannot be solved in a system of capitalism. The vicious circle that Roy spoke of in his preface, is there in the Report. It is neither squarred, nor erased.*

SECOND WORLD WAR AND INDUSTRIALISATION OF INDIA

PART – I

I. ON THE METHOD OF WRITING

Books on the Industrial Development of India are legion. We have now come to a stage when we have to take into account the method of writing books. The question of methodology is such an important matter that in U.S.S.R., it is an essential function of the State Planning Commission under the council of People's Commissars (Planned Economy in the U.S.S.R., by A.Kursky. p.2). The correctness of the views depend upon the method chosen for writing a book, or for an investigation of a problem. Most of the books that deal with the Industrial Development of India are descriptive. They lack a materialist, historical and sociological approach. The work of Engels on the Condition of the Working Class in England in 1844 is not only a social and economic history of England at that period but it is also a treatise on scientific socialism. In 'Capital' a work of Marx, we find an epitome of social sciences of the day. It is not only a treatise on Economics, Politics, History but also Sociology. These writers come to profound and true conclusions because they chose a method for writing what Marx called in 'Capital' a materialist and scientific method. This method insists on the analysis of the historical conditioning of a problem in a world of classes, interests and struggles. It rigidly excludes the treatment of a problem from the standpoint of conceptions to which a writer or an investigator may be attached. It insists on a concrete many – sided investigation

of a problem in development. Marx wrote to Engels that history is like human palaeontology. Therefore, in writing a history of an institution, or of a process we must take into account the historically conditioned phases, their developments, retrogressions and the activity of man in these directions. If we consider the industrial development of India from this angle we come to very interesting conclusions. Sometimes a distinction is made between "Economic" and "Industrial Development". The word 'Economic' is used in the sense of including all aspects of life and the word 'Industrial' is used to include aspects of industry alone. A general Economic History cannot but be a Social History. The rise of industry is also the rise of labour and its reactions on agriculture. Questions of labour and agriculture are reserved for special studies and they are not discussed in this work, except where it is unavoidable.

II. SOME CONCEPTS: INDUSTRIALISATION AND CAPITAL

A. INDUSTRIALISATION

1. DEMAND FOR THE CONDITIONS FOR THE FREE DEVELOPMENT OF CAPITALISM

The story of the industrial development of India, is the story of accumulation and investment of capital in industries. It is at the same time a story of the struggles of this capital against feudalism (landed interest) and Imperialism (British policy in India). It is also a story of struggles among themselves. We have yet no book on the historical, primitive accumulation of capital not to speak of the primary accumulates on in India. The significance of the Tatas and other houses, their contribution to the industrial, economic and commercial development of India is yet to be recorded. The history of the rise of capital in India and its historic depredations on landed and other interests is at present submerged in romantic chapters that deal with the decay of cottage industries under British rule. Capital is a vampire. Indian capital is no exception. It has no plan. It is anarchic in its production. It is impelled by its profit motive. In this context the history of industrial development of India is the story of anarchic expansion of capital tempered by landed and imperialist interests. Capitalists had not started their career in India with social visions. Like the British, who effected a social revolution in India, the capitalists moved by their own interests effected such a change. They had no visions of relieving the pressure of surplus population on land, no visions of rise in the material life of the people, no visions of raising

the productivity of the land. They wanted profits quickly and as quickly as possible. The capitalists in India, like their counterparts in Europe, have passed through usurer mercantile phases. In fact they have not yet shed their mercantile shells. Today we find capital, although slowly, is moving from industrial to a financial phase (finance-capital i.e., the fusion of the bank with industrial capital). "The Investment Corporation of India (1937) established for the financing of new industries and the Investment Industrial Corporation for sponsoring smaller industries have both been floated by Tatas". "Investment trusts have also been established in some important industrial centres". (Examples: New India Investment Corporation and Birds Investments. See P.Lokanathan "Industrialization"—p. 25). Capital is now being trustified. It is reaching a monopolist phase. The industrial revolution in India is going apace in the natural way, save for the obstacles of the landed and imperialist interests.

It is here that we take into account the present cry of "industrialisation". A subjective element which is there already with the capitalists, is now coming into vogue along with economists, small businessmen and politicians. This subjective element, the cry for industrialisation, is in reality a political protest against British policy, against Imperialism which is a hindrance to the natural development or expansion of capital. What does industrialisation mean? It means subjectively a demand by the capitalists for conditions for the free development of capitalism. The capitalists do not want feudalism and imperialism to be in their way. The British, when they came to India, destroyed everything that came in the way of expansion of their capital, which took the political form of the conquest of India. The Indian capitalists want the same thing. The British allowed them as much as they can consistently do, with the maintenance of their own interests. Therefore, the demand of the Indian capitalists took a political

turn and got mixed up with a social phraseology of the economists, philanthropists and politicians. The class conflict between the Indian capitalists to champion their cause on social grounds, that is, they say that they want industrialisation to relieve unemployment, to relieve the pressure of population on land and to raise the productivity of the country. It is the case with all classes who in their struggles with other classes invest their particular class interests with social interests. It is only in the course of intense class struggles that the true nature of the interests is laid bare. No Indian capitalist has started his mission with this social gospel. Ta Kung Pao, a Chungking newspaper welcoming the conference of industrial experts and executives wrote:

“Modern industrialization is no longer a matter of natural development as during the English industrial revolution. In Industrial reconstruction a country can now decide in advance on policies and then put them into execution”. (Great Britain and the East-1st May 43 P.11-12).

This may be the case with independent national states. Even in such states it is limited by the kind of state prevailing in the country, a capitalist state or a socialist state. In the case of India the natural development is thwarted and a political turn is given to it with a social phraseology.

The conscious part of the Indian capitalists (not of all them) is now taken up by the cry “Industrialisation”. What does industrialisation mean? Prof. K.T.Shah puts it this way:

“Industrialisation is taken to mean the establishment, encouragement, or development of large and small scale industries suitably organized in the different parts of the province adequately financed and staffed and appropriately located in the several parts of the province with due regard to the availability of raw materials, power

supply, labour, skilled and unskilled and markets including and all other ancillary facilities". (Industrialisation of Punjab. Prof.K.T.Shah. 1941. p. 3)

No Indian capitalist will ever think of doing so according to such a plan. But since he is thwarted by imperialism, he is allying himself with this vague propaganda, which is no doubt political. His real meaning of industrialisation is a "demand for the conditions for the free (and unaffected) development of capitalism".

Consequently Indian capitalists never thought of the social objects of industrialisation as put down by Sir. M. Visveswarayya, Prof. K.T. Shah and Pundit Nehru. Their sole aim is self-expansion of capital regardless of consequences. But since they come in conflict with feudal and imperialist interests, today they are allying themselves with this social phraseology. Prof. Shah (Industrialisation in Punjab) and Nehru (in his letter to B. Sundaramurthy "India and the great war—A plea for planned industrialization" P.4) already have drawn distinction between social and unsocial production. The conflict between the capitalists and these publicist writers and politicians is not yet to be seen. It will come up when capital reaches a high degree of monopoly (now in the making) and when a National Government is set up which may differ from the capitalists.

In case the National Government is dependent upon the capitalists, the old cry of industrialisation will again come to the fore, i.e., demand for free development of capitalism. Planning will be capitalist planning (Sundaram-Economic planning. Baroda). It will be a polite name for giving sectional advantages to particular industries or interests (Industrial Planning Why and How by N. Das. Calcutta – 1940. p.99) What will be the relation between the capitalists and the National Government, is yet to be seen.

EXPLOITATION OF LABOUR

Above all we must not forget the fact that industrialisation means exploitation of wage-labour. It is true at all stages of the development of capitalism. There are degrees of exploitation. Tyson records that the Tatas are noted for their generous wages. (Tyson-India arms for victory) Nevertheless, industrialisation means exploitation of human labour.

NATIONAL FORMS

We must note another phenomenon that is our midst unrecognised. That is the growth of chambers of commerce organised on what is politely called 'regional' or 'provincial' basis. In reality they are organised on 'national' and 'communal' basis. We have in addition to provincial Moslem Chambers of Commerce, an All India Muslim Chambers of Commerce, run on 'Communal' (religious) basis. We have 'national' chambers of commerce like the Maharashtra and Andhra run on 'national' lines. This is an index to the consciousness of these chambers to develop resources (or industrialise their areas with their capital. If we analyse this carefully, in the present cry of industrialisation, we see national forms of the demand, veiled and couched in general terms. The fact that we have committed ourselves until recently to the doctrine of one and indivisible India, and the fact that the Muslim league has committed itself to Pakistan makes this problem assume a more veiled form. I cite two instances to prove my point.

We will take the memorandum of the Andhra Manufacturers Association. It expresses its sympathy with the aims and objects of the A.I.M.O. It states that its object is "rapid industrialisation of Andhra Desa" and to utilise the material resources and the manufacturing talent available in the Andhra Desa to the fullest possible extent. (Presidential speech p.3 21st March 1943). It even defines what Andhra Desa means. "Andhra Desa means all the country that is predominantly occupied by the Andhras and includes Madras and Nizam's Dominions". (See

memorandum and regulations P.1,6) In this, we see the predatory instincts of nascent capital. It includes Madras as part of Andhra Desa. There is no justification, historical or cultural for such a view. The claim that Madras belongs to Andhra Desa cannot be based on the linguistic majority of the Telugu speaking people in Madras. This is a Pakistan conception of a nation. We cannot call Bengal a Moslem Nation, because a certain religious community, the Muslims predominate. This conception is the predatory work of the busy bodies of Chennapuri Andhra Maha Sabha.

We cannot also understand how Andhra Desa includes Nizam's dominions. It is true that there is a predominant portion of the Telugu speaking people in the Nizam's dominions. The Andhras can legitimately say that those areas where the Telugu speaking people predominate belong really to Andhra Desa and that they were separated by historical and political considerations. But how can the areas where the Kanareese and the Marathi speaking people predominate be called parts of Andhra Desa? It is true that in the Nizam's Dominions, people in addition to their mother tongues speak subsidiary languages. But that is no reason why the Nizam's Dominions should be included in Andhra Desa.

Why did the Association leave out Mysore? There are also areas where the Telugu speaking people predominate. Why did the Association leave out C.P. and Orissa?

The presidential address of this Association stresses on these aims and objects. Why does the Association stress on this aspect (linguistic, national) of the problem? The economic basis of their aims and objects is this. In order "to achieve complete victory for commodity production: the bourgeoisie must capture the market, must have politically united territories with a population speaking the same language, while all obstacles to the development of this language and to its consolidation in literature are removed".

“Language is the most important means of human intercourse: unity of language and unimpeded development are the most important conditions of a genuinely free and extensive commercial turn over corresponding to modern capitalism: of a free and broad grouping of the population in all their separate classes: finally, they are a condition for the close connection between the market and each and every proprietor and petty proprietor, seller and buyer”. (Lenin—selected works. Vol IV. P. 250)

That is why the Andhra Manufacturers. Association insists on the Telugu speaking parts as parts of Andhra Desa. In the beginning of the development of capitalism in India, we find the collectivism of the bourgeoisie of diverse forms expressed in a national movement. (1884-1920). After the limited victory of fiscal freedom, we find the emergence of these diverse forms according to language and territory and the differentiation of the bourgeoisie on national, communal lines. This is an expression of the feeble development of capitalism in national areas. In Indian capitalism we find two tendencies, the tendency to develop on an all India basis and the tendency to develop on national communal basis.

The tendency to develop capitalism on an all India basis is expressed in the movement of the Congress for Hindusthani as the common language of India. The economic basis of this movement, the Northern and (U.P.Cawnpore, Lucknow) Western and Eastern capitalists, who dominate the Congress, who want to develop an - all India territory for their developing capitalism want a common language. But this is met by the other tendency: the tendency to develop the home market on national basis.

This is put in a veiled language. It has not yet come to the open breach. In Madras it came to a breach during the Congress regime.

The other example: Mr. Gangadhar Vishnu Puranik, Chairman of the Maharashtra Regional Council, welcoming the 2nd conference of A.I.M.O. said:

“With a view to discuss problems relating to the industrial and commercial advance of the Maharashtra region, a conference was held under the auspices of the Maharashtra Regional Council on the 10th of January 1942, under the presidentship of Mr.K.B.Vaidya. The sum total of the Chairman of the Reception Committee, Mr.A.R.Bhat and by other speakers at the said conference and in the resolutions passed, was that unless industrial enterprise, whose profits remained in the province and were thus available for further investment in industries was fostered, no healthy and lasting improvement in the economic condition of the province can be achieved.

In this connection, I should like to observe that India's body economic will not be well developed unless proper attention is paid to the industrial growth of its component regional units. The development of one limb at the expense of the growth of the other would not make a healthy and strong body. The same is the case with the sound industrial development of a sub – continent like India. We, from the various provinces, should strive our utmost to develop our respective regions keeping in view the ideal of the proportionate and all round development of India's body economic. (Proceedings—2nd conference A.I.M.O.P. 5-6

The Maharashtra regional council stressed the unity of the two-fold development of capitalism in India, unlike the Andhra Association which stressed the national aspect openly. The Maharashtra council further looked to the A.I.M.O. to strive to this end of two-fold unity (Ibid P-6)

The A.I.M.O. will meet these national forms, veiled or open, herein after. It will have to meet within the regional units and on all India basis further sectional struggles and rivalries between the big and the small industrialists. The question of a balanced economy between the backward and advanced regions lies in a tangle of national, communal feelings intensified by the political policy of British imperialism. It is not a case of industrialising a unit, so much as removing the causes of backwardness of particular regions that is important. Otherwise, the economic basis of the backwardness of some regions will become a fertile ground for sectional class, communal and national struggles.

Already the Pakistanwallahs, i.e., those who adhere to the Lahore resolution of the Muslim League in 1940, are making much of the backwardness of the territories that compose what they call Pakistan. Sind, Baluchistan, Kashmir, N.W.F. Province and Punjab, they say are backward. They are mainly agricultural. "Pakistan's industries are undeveloped and her interests are largely agricultural. To safe-guard her economic welfare Pakistan must be politically independent of the Industrialised Indian countries". So writes El Hamza (Pakistan A Nation p-83). He does not want Pakistan to be subject to Aryo-Dravidian Hindu Imperialism (Ibid P-120). Another writer M.R.T. in his works on Pakistan shares the same view. The Pakistan area contains largely Moslem peasants. As such he does not wish Bania Imperialism in the 'home land of Muslim Nation' (M.R.T. 'Pakistan and Muslim India: see section "Economic position" and 'Nationalism and Conflict in India' P.186).

From a military point of view the border states are important to the rest of India, as the rest of India is important to the border states. We see how in this question complicated factors arise, and the abstract notion of 'industrialisation' without the necessary pre-requisites complicates the issue by strengthening the position of Pakistan. What is our answer? What are our plans?

B. CAPITAL

We have to consider another word 'Capital'. The capitalists know what it is. It is unpaid labour. It is an accumulated surplus value that has undergone a qualitative change. We must distinguish this from usurer, mercantile capital, although these capitals are also playing their parts in India today along with industrial and finance capital (trust monopoly capital). But in view of the political difficulties in its way, it is taking the social meaning for its own use. Prof.K.T.Shah defines capital as "the result of a surplus of production over consumption" (Industrialisation of Punjab. P-128). It reminds us of the famous 'abstinence theory' of Senior. At present this is convenient for the capitalists to make use of this meaning as it hides their predatory birth, and as their case is championed with social phrases by academic writers and politicians.

The opposition between Indian capitalists and the Imperialist interests is also one that is to be studied in development. It is one of opposition and collaboration. G.L.Mehta said: "It was evident that those engaged in trade, commerce and industry were, by reason of their interest, on the side of authority and order, and if commercial interests in India strongly condemned and resented the present policy of the Government, it was only an indication of the widespread feeling of intense dissatisfaction with the existing system" (Report of a press conference addressed by Mr.G.L.Mehta, President of the Federation of Indian Chambers of Commerce; as it appeared in the Statesman of 17th September 1942. Correspondence Vol. II P. 294). It is clear that there are a section of Indian capitalists who like to compromise with Imperialism and get some crumbs of concessions by constitutional agitation. This section may be called the 'Junior partners of Imperialism in India'.

There is also a section of Indian capitalists (whose capital is of a sheltered character) who put up a stiff fight against Imperialism, but yet lack courage to pursue their ends. (Vide—Automobile industry—Visveswarayya's correspondence). Walchand Hirachand's forced sale of the shares in the Bangalore aircraft company to the Government is another instance. This means, that along with political maturity of the people of India, the organic composition of capital in India has not risen to revolutionary levels to resist imperialism. Therefore, along with this section of capitalists, the other capitalists (Unsheltered section) are allying genuinely now with the political movement for liberation. Their thwarted, frustrated ambitions are finding expression in alliance with economists, publicists of all sorts and shades.

I have written this at length to show the historical origins of the cry of industrialisation arising out of the hindrances of imperialism and feudalism to the onward march of capital.

III. ERRONEOUS THEORIES

1. INDUSTRIALISATION AND UNEMPLOYMENT

Leebknecht wrote: "study, organise and propagnadise". But no one can propagate an untruth however excellent his organisation is. It is a pity that in our political and economic literature, certain erroneous economic doctrines have crept. They are, that industrialisation relieves the pressure of population on land, and that it raises the productivity of the land. We will analyse these ideas in the light of historical experience of various countries taking into account the various phases of the development of capitalism. According to our economists, publicists and industrialists, industrialisation in India means relieving the problem of unemployment, relieving the pressure of population on land and raising the productivity of the country. Historically and actually at present, the limited industrialisation of India that has gone on since the days of the plantation industries does not bear out these views.

Industrialisation means differently in different countries. In national capitalist states, industrialisation in the early stages means the free development of capitalism bringing in its train its attendant evils. Unemployment, poverty and general reaction. The time factor is important. No one will deny the progressive role of capitalism in its early phases. But the foundation of the evils of capitalism are also laid in that period. Turkey is one example.

Industrialisation means differently in U.S.S.R. it means laying down the material and cultural conditions for the building of socialism. It

has taken this question after the overthrow of the capitalist government and the establishment of a Soviet state of workers and peasants. There, the objects of industrialisation are the same as those outlined by the social group (Visveswarayya and Shah. See prosperity through industry by Visveswarayya and Industrialisation of Punjab by K.T.Shah).

It is a well known fact that capital system breeds "a permanent army of Unemployed". Whatever the phase of the development of capitalism, except for brief periods in the early stages, it always has an army of unemployed. The competition between the various types of machinery installed in factories and the consequent division of labour throws out workers, even skilled ones, those accustomed to particular work to the rank of the unemployed. New discoveries in machinery, result of competition, have a tendency to recruit the least skilled workers, women and children. Thus, the employment is dependent upon the vagaries of science and competition and the extent to which the capitalist makes use of them. Moreover, the tendency of capital as it grows organically is to displace labour and make intensive use of the few hands that it employs. Therefore, whether in the progressive or the declining stage of capitalism, unemployment is an inevitable feature of the system. (For detailed analysis see Capital by Marx 'Anti-Duhring' by Engels). Suffice to say that unemployment is the outcome of the changing phases of the Industrial cycle. (Marx Capital) Beveridge, who is by no means an extremist writes that there is justification for this view. Unemployment is part of the price of Industrial competition. The theoretic reply to this view, he writes, must take the form not of a denial but of a gloss (Sir W.Beveridge- unemployment: a problem of industry 1909-30. London. 1930 P-235: for the views of Indian economists, see Dr.P.J.Thomas in Economic Background- Oxford Pamphlet on Indian Affairs No.3.P. 17-18).

Capitalist planning, rationalisation and regimentation could to a certain extent mitigate the problem but as long as the capitalist system is present, i.e., where there is anarchy in production, where the motive is a profit making one, unemployment cannot be eliminated. Even in times of feverish armament to which capitalism in decline resorts, unemployment was not eliminated, but reduced. The only country that showed no unemployment is U.S.S.R. proving practically that a socialist state only can eliminate unemployment.

We will take the case of Mysore. Mysore in the memorable words of his Highness, the late Maharaja is a nation within a nation (Mysore census report P. 40). The disabilities of India are also the disabilities of Mysore. The industrial development of Mysore is phenomenal. But it has not in any way alleviated the problem of unemployment. P.H. Krishna Rao writes: "The increase in the number of employed in the organized industries is disproportionately small as compared with the number displaced in the cottage industries "(Industry in Mysore. Bangalore 1942. P. 4). Mysore in spite of the imposing list of its industries and its rapid industrialisation (Census report P. 42) has not solved the problem of unemployment. The number of the unemployed in 1941 was 5,015.

Nearly four-fifths of the unemployed are the educated ones. Most of the unemployed are confined to cities. There were 31 graduates in engineering, 19 in medicine and 10 in commerce without employment. Some six even held foreign degrees (Census report P. 47). The report of the committee for the prohibition of beggary in Mysore, 1943, came to the conclusion that industrialisation leads to unemployment (Para 31. P-15).

We will take the case of Hyderabad. The statistical year book of 1939, published by H.E.H., the Nizam's Government gives some details of unemployment in the state. Of course, the state is not so

highly industrialised as Mysore. Nevertheless it has embarked on industrialisation. Out of 2427 who applied for employment, only 70 obtained work, 64 in the Government departments and 6 in the domestic service. In absence of a complete census of the unemployed, we take the above figures with caution. Most of those who sought employment belong to the middle class category. This does not give the figures for the urban and rural unemployed (P. 1036).

We will illustrate it in the case of India also. The period from 1880 is a period of the beginnings of factories and plantations in India. It is also a period of rapid decline of the handicrafts in India. "New industries at this period (1880) were few. While the process of driving out people from their old crafts was proceeding quickly, the growth of new industries to absorb the people thus displaced was in no sense proportionate" (See. *The Industrial Evolution of India in Recent Times* by D.R. Gadgil. 4th edition 1942 P-62). It was towards the end of the century that we see such a proportion coming to be realised. In fact it is doubtful whether such proportion can ever be had.

The period of new industries coincides with the period of the process of driving out people from the old craft industries. The Bombay Report has conclusively shown this point (Report of the Bombay Economic and Industrial Survey Committee—1940. Vol I. P. 49-50). This portion of the population, plus the one that industry itself throws out in her fitful competitive career mingled and comingled with the rural unemployed constitutes the industrial reserve army of the unemployed.

This unemployed army is a floating mobile one according to the nature of unemployed. It is sometimes stagnant. We have no figures of unemployment in India. It is not enough to have more figures of unemployment. A historical sketch of each of the unemployed, of the

transformation of occupation from one to another, whether in field or factory, whether skilled or unskilled— all these are necessary for our present purpose to study the effect of industrialisation upon employment, how many in each industry are employed, how many it throws out and how the industries keep floating and stagnate the working population. The European countries, particularly U.K. and U.S.A had no census of the unemployed even up to 1939. The one that was carried out in U.S.A. during the second term of Roosevelt was not carried out properly. The figures of the exchange returns of the unemployed in U.K. do not tally with the figures supplied by the unemployed organisation. In India we do not have any figures at all. Some attempts were made. That is all (See. M.Visveswararayya. Unemployment, Causes and Cure).

In the absence of such related historical statistics it is difficult to form any conclusions regarding the question of the present population on land. The Bombay Report writes:- "The industrial evolution and modernization of the province has seen the agricultural community suffering in two ways, viz., increasing pressure on land and increase in under employment due to loss of subsidiary occupations." (Report Vol I P-49-50)

In some circles 'this point' is denied. In others it is re-emphasised. We have no means of checking this up. Added to these difficulties, is the fact that capitalism in general breeds unemployment. When such is the case, how can it absorb the population? It does in the initial stages and throws out in the later stages. The figures concerning this feverish activity of capitalism in throwing out and taking men and the time lag between the two activities are not available. Nevertheless we can come to the sound conclusion from observation in Mysore and in British India that industrialisation as a means to absorb our growing population is a limited possibility'. (See. Sir Nanavati 'Rural Problems of India'. Rural India. June 1943. P. 238).

There is a passage in the Mysore census report, which supports the other school of thought. It needs a careful consideration. The Report says:-“The rise of an industrial centre also reduces the agricultural population in the neighbourhood as instanced by Bhadravathi Iron and Steel Works and the villages round about. Out of 57 inhabited villages within a radius of 5 miles from Bhadravathi, in 35 villages the population has declined between 1921 and 1941: and in the other 22 villages it has increased only slightly. Taking all the villages together the population has decreased from 10,250 to 9,600. The population of Bhadravathi town and village, on the other hand is increasing in geometrical progression from 4,500 in 1921 to 9,100 in 1931 and to 20,700 in 1941. Some of the villages may be said to be in semi-malnad tract, and the general causes such as the prevalence of Malaria, responsible for the decrease, may be operating in this area also. But the most important causes of the decrease in the villages and the increase in the industrial centre seem to be (1) that the villager finds industrial wages more remunerative than agriculture and is therefore, abandoning his village to work at Bhadravathi and (2) that the industry is attracting immigrants from other areas farther afield” (Mysore census 1941. P. 8 - 9).

The passage taken by itself does not enable us to draw scientific conclusions. We need other statistics than are mentioned in the passage.

1. We do not know the effect of the industry on handicraft and other domestic industries in Bhadravathi by the introduction of the steel industry and the number of people displaced by this industry between 1921 and 1941. We do not know whether they have migrated to other districts than those mentioned in the passage or whether they have stayed in Bhadravathi. Statistics are wanting.
2. The decrease in the population of the neighbouring villages during these 20 years is little: i.e., 650. Surely this number is not very

significant. How much of this decrease is due to malaria and other diseases is not clear. Statistics are wanting.

3. The increase of population in Bhadravathi during the last 20 years, as this passage asserts is noticeable. Is this an increase in the absolute population of Bhadravathi? Or is it an increase in the relative surplus population? more than the industry can bear? Is this a special characteristic of Bhadravathi or of other industrial towns in Mysore? It is possible that population in general (absolute) increases in towns (especially in Bhadravathi in the course of 20 years) because of better ameliorative conditions in towns than in villages. But this is no criterion to say that an increase of population in town is an index to the decrease in the village population. When once migration takes place, it has its own laws of development.

4. It means, if we take the passage literally, that for the last 20 years there has been a steady demand for labour from the neighbouring villages. It means that the industry has not displaced labour during these 20 years and has been absorbing population if we take for granted that all those who go to Bhadravathi are employed. Statistics relating to the internal fluctuations of the movement of the population while the average remaining the same are wanting.

5. This passage does not tell us about the migration of labour from other villages than mentioned in the passage. We have to take into account the "field factory proletariat" which the Royal Commission on Labour has familiarised to us. It is the transitional phenomenon between the proletariat that resides in town for good and the village labourer that stays in the village for good. Statistics of this phase of the population in relation to Bhadravathi are wanting. That is why in order to draw sound conclusions, we need related historical statistics. We have to be clear

about the terms “population in the absolute sense”, population in the “relative surplus sense”.

All that we can conclude is that the growth of the Bhadravathi town is an index to the growth of industry. “The best general test of the industrialization of a nation’s life under modern conditions is the rate and character of the growth of its towns” (J.H.Clapham. “Economic development of France and Germany 1815-1914 (1921) P.53). Henri Pirenne traces the close connection between the origin of cities, merchant classes, middle classes and capital (Medieval Cities their Origins and the Revival of Trade). The little village of sakchi in the jungles of Chota Nagpur, growing into the modern city of Jamshedpur is also an index to the growth of Iron and Steel industry in India.

2. INDUSTRIALISATION AND PRODUCTIVITY

That capitalism raises the productive level of the country is no doubt true, particularly in the early phases of capitalism. This generalisation (of Marx and Engels in the Communist Manifesto) is true in almost all countries. The Indian capital, say since the worst depression 1932-35, is on its way towards a monopoly phase. It is still to overthrow feudalism and imperialism. Consequently, within the limits of the interests of the capitalists - the landlords and the British – development has taken place. It is of a limited character like the development of India by the British (the so called development period of Bentick, Wellesley etc; railways, canals, telegraphs etc.). But what shape and direction this development takes place, under the joint alliance of the industrialists and the ‘social group’ (economists, politicians, etc.) against imperialism is to be seen. But we have no doubt of the fact that as long as imperialism and feudalism are not overthrown, free development of capitalism is impossible.

Under imperialism, limited industrilisation, i.e., deelopment of simple industries is possible but not the development of heavy

industries. The Iron and Steel Industry of the Tatas is an exception. It is yet too early to write its history. It has the fortune to grow and develop in the midst of great wars.

The long drawn struggle between the promoters of Shipping, Aviation and Automobile Industries and the Government clearly shows how even in a period of war emergency, the Government refused to encourage heavy industries. The fear that they may become rivals to British post-war trade and their financial interests is at the back of it. It is imperialism. Imperialism is a hindrance for the development of key and heavy industries in India.

The next point to consider is, whether this limited development could be continued to higher levels under capitalism and what line the social group will take and through what transitional phases the capitalist society passes to a stage when the free potential productivity can be realised. At present these are beyond our concrete horizon.

INDUSTRIALISATION AND POVERTY

Allied with these erroneous theories is the theory that poverty can be minimised by industrialisation. Nehru writes: "I do not think that we can solve our poverty problem without industrialization and the growth of big industry" (Nehru – Introduction to Nym Wales, "China Builds for Democracy"; See also for similar views, Report of the Punjab Unemployment Committee, pp 37-38.

The problem of poverty is not a phenomenon peculiar to non-industrialised countries. It is a problem of the industrialised countries as well. L.W. White and E.W. Shanahan in their work, 'The Industrial Revolution and the Economic World To-day', popularise the view that "non-industrialisation and poverty go together". This is an erroneous view. It is surprising how this view is quoted by Sir. M. Visveswarayya and the Punjab Unemployment Committee. While not subscribing to this

particular view of White and Shanahan, our publicists and economists, particularly Nehru and Shah believe in this theory. In the industrialised countries, the problem of poverty is as acute as in non-industrialised countries. In fact industrialisation aggravates poverty. But the state in the western countries has combated with this problem by means of organised relief. Nevertheless poverty exists.

Every city in the western countries has its slum area, its problem of the poor. Since the great crisis of 1929, the problem of poverty has become acute. I have seen people lying in the Boston Common, New York Central Park and Hyde Park covering their bodies for warmth with thrown up – newspaper. I have seen people sleeping on the banks of the Seine in Paris hungry and ill - clothed. I worked in the poor districts of Cambridge (U.S.A.) and I know what poverty is. People die there of hunger and starvation as they do here. They search the dust bins for some food as they do here. The relation between poverty and crime is a sociological truism today. The forcible working of women and children, a necessary evil of the industrial age, for low wages, is a phenomenon that no one can fail to see in highly industrialised countries. Factory acts, social measures, humanitarian and philanthropic work and the League of Nations have no doubt minimised the problem but it exists. Hunger marches, Battles of Washington, Unemployed Organisations, are the features in Western Countries.

We will take the case of the beggar problem in our country, which is the most visible form of poverty. Studies have been made in Bengal, Mysore and Bombay, the three of them being the most industrialised parts of India. Sir. Dorabji Tata Graduate School in Bombay (now called the Tata Institute of Social Sciences) has made some studies on this subject in Bombay. The Indian Journal of Social Work has published the results. Though full and reliable statistics are not available, the number of adults classed as 'Homeless' in the recent rationing census in Bombay

City was 179 with an additional 1,825 children under 12. About 30 to 40 of these may be beggars of whom a fairly considerable portion is able bodied (J.F. Bulsara, 'A scheme for the gradual tackling of the beggar problem with special reference to the City of Bombay' – Indian Journal of Social Work Vol. IV No. 1 June 1943. p-5). In Lucknow and Cawnpore, also industrialised areas, it is said that active steps are being taken to check the growth of mendicancy (Times of India 24th August 43). In Madras, not only the beggar problem but the discard beggar problem is the worst. I do not see how any responsible economist can say that the remedy for poverty is industrialisation. Historically, no capitalist country (industrialised within the frame-work of private property) has solved the problem of poverty. Poverty is inherent in the capitalist system of production (Marx - capital). The States (liberal, capitalist, democratic ones) have taken steps to combat – poverty. They did minimise no doubt. This should not be confused with the question of the rise in the material comfort of the workers in general and people in particular in an industrialised country. Relative, social wages of a worker in relation to the rate of exploitation have not increased. There is a quantitative improvement in the material well - being of the people historically viewed. But in relation to the total exploitation of labour, real wages have not increased. J. Kuezynski has disproved all the new fashions in the theories of wages. In relation to the local productive power of the country, in a capitalist system, the material position of the people in general has not increased. Labour conditions within capitalist society as a whole deteriorate... (Kuezynski, New Fashions in Wage Theories. P. 51). Unemployment and poverty for the many, privileged luxuries for the few – such is the law of the capitalist system

A Return to agriculture

If industrialisation is not a panacea for unemployment and poverty, neither is a return to agriculture a palliative. Ranade warned us long ago. He wrote that dependence upon the single source of agriculture was the chief cause of India's poverty. "We have been all along, like most ancient nations, more or less exclusively agricultural. But our contact with the outside world and the freedom of exchange which has resulted in consequence have produced one most undesirable result. They have aggravated the situation by making us more than over dependent upon a single and precarious resource" (J. Kellock. "M.C. Ranade, Calcutta 1926, p. 124). The economic danger that has come to India along with the British connection is, Ranade wrote, the danger of India being reduced more and more to a purely agricultural country. The sole dependence on agriculture has been the weak point of all Asiatic civilization". Contact with superior races aggravated this" (Kellock, Ranade P.125). Realising this, Ranade championed the cause of industrialisation and pleaded for the protection of the state. Sir M. Visveswarayya in his address to the Mysore Chamber said (16th December 1940), "Agriculture is a necessary occupation; but it does not bring wealth. No agricultural nation has become rich" (p. 4).

The Report of the Punjab Unemployment Committee 1937-38 also came to the same conclusion. It wrote that the predominantly agricultural economy was one of the general causes of unemployment (p.7). It notes that amongst agricultural classes, there is chronic under - employment of varying degrees in different tracts. It writes:

"Throughout the course of our labours we have been forced with a persistent and wide spread demand that the state should embark on a well planned and largescale programme of industrialization..... We must not be understood to mean that we advocate desertion of agriculture as

a profession; indeed this is not possible. But what we wish to say clearly and emphatically is that the root - cause of our growing unemployment is our unbalanced economy which places far too much emphasis on agriculture and far too little on commerce, trade, industry" (p-63).

Sir John Colville in his convocation address at the Bombay University (7th August 1943) said: "The last 15 years in addition to an enormous increase in the population of India have seen a growing realization that the future of this great country will not depend as in the past, upon an economy so overwhelmingly agricultural as it is to-day". It is true. But what has been done to let the country pass to an industrial economy?

It is true that industrialisation does not absorb our growing population. It is equally true as Sir Nanavati contends that emigration is not encouraging (Rural problems of India (p. 38). Theoretically and historically it has been proved to be so. (See Marx" capital"). But on this account we must not fall into the physioratic error. The other day Sir C.P. Ramaswami Iyer, the Dewan of Travancore echoed the words of Boisguillebert 'Tillage and pasturage are the two eyes of a nation'. Sir. M. Nanavati came to the same conclusion. "Land is the foundation of our national wealth and welfare". Boisguillebert in his 'Detail de la France' wrote: "The wealth of every country is in proportion to the fertility of its soil". Quesnay said the same" "The origin, the principle of all riches is the fertility of the earth". A return to physiocracy. In France, at that period of the transition from agricultural to industrial economy and as a reaction against mercantilism, physiocracy came to the fore. The important idea of this school is that agriculture alone is the chief source of wealth. It was a theoretic expression of the landed interests couched in the moral phrases of Aristotle and the old law of Nature. Something like, in the tone of our hot go spellers of village self-sufficiency in a feudal, capitalist imperialist structure. However limited our development, it has

conclusively shown that the total productivity of the country has been increased since the beginning of the industrial evolution, because it is in the nature of the monopolist capitalism to be progressive.

This does not mean that agriculture should be neglected. At present there is antagonism between industry and agriculture. The rural population, the largest potential market for manufactured goods is under heavy indebtedness, strangled by a medieval system of rural finance in the grip of money - lenders. Industrial expansion is dependent, other things being equal, on the expansion of the purchasing power of the domestic market. "And that expansion can be achieved only by reducing the burdensome....paralyzing toll levied by the present system of agricultural finance on rural population". It follows that today the most formidable enemy of the Indian manufacturer (along with foreign capital is the money lender whose exactions are the most decisive single factor operating to maintain the purchasing power of the agricultural consumers at its present intolerable low level. The Indian manufacturer and the Indian money-lender are economic incompatibles, and cannot co-exist except at the price of an arrested development.... The factories in India cannot flourish if her fields are not fertile and today they are reduced sterile by a jungle growth of usury as fatal to full production as to full consumption... a form of economic strangulation more inimical and widespread than thuggish and calling for an equally unhesitating policy of ruthless elimination". (R.W. Brock, "India's future Overseas Trade" "In capital" – 14th December 1939 – p-7).

The struggle between the manufacturer and the money-lender is the struggle between industrial capital and usurious mercantile capital. They exist side by side in India. In a world of classes, interests and struggles, British Imperialism which operates the State in that world always encourages, protects now the money-lender, now the landlord, now the tenant and now the consumer. The natural class struggles

under imperialism are deflected to a direction favourable to itself. The problem of resolving the antagonism between industry and agriculture becomes a problem of struggle against imperialism.

The antagonism between industry and agriculture is also seen in the struggle of the interests between the land owning and the industrialists classes. The industrialists want freedom, freedom for the development of capitalism. Their freedom is fiscal autonomy i.e., protection. The land owning class wants freedom, freedom for the exploitation of land. Their freedom is free trade. The battle between the landed interests and the industrial interests is the battle between protection and free trade. Sometimes the landed interests as well demand protection like the Tory free traders in England. In this struggle the imperialist state is no mere onlooker. It is a participant in the struggles. It destroyed feudalism in as much as it was a hindrance. It helps to retain feudalism in as much as it is a help to it. The Viceroy in his valedictory address referred to the industrial expansion of the country at the expense of agriculture and the consumer. Sitting on the Olympic heights at Simla and Delhi, it directs the class struggles to its own advantage.

This in turn gives rise to what we may call “Synthetic” or “Equilibrium” school. Prof. Bhatnagar suggested a two-fold development, agricultural and industrial. (quoted in Report of the Punjab Unemployment Committee. P-63) Sir. C.P. Ramaswami Iyer, in the speech referred, to said the same thing. Simultaneously with the industrial development we have also to plan a new type of agriculture and bring into being a new type of village. (quoted in Commerce. 17th July 1943. p.76).

Interests do not get reconciled. They triumph ultimately. But to-day there is Imperialism – a hindrance. This method of reconciling the opposite interests, further intensified the class struggles. Through patriotic efforts, the unsheltered sector of the industrial and landed

interests may severally get together and launch on an agreed policy of development. But this would alienate the sheltered industrial and landed interests from the unsheltered ones and lead to intensification of struggles under the supervision of Imperialism.

The two-fold development under the aegis of Imperialism gets going as long as there is scope for development. When it is exhausted the class struggle gets renewed and takes political social turn against Imperialism. Just as the industrialists found allies in the social school of industrialisation, so do the landed interests find allies in the social school of village self-sufficiency. The fact that capital has not yet reached a sufficiently monopolist character, the fact of internal jealousies within the capitalist classes, the fact of the abundance of capital available for the medium scale industries, (simple industries), which does not come into conflict either with the industrialist or imperialist interests, the exigencies of the war, these help to prolong the process of industrialisation and rural development within the units of their respective interests circumscribed by Imperialism. We cannot write further. We do not know how the problem turns. We can envisage only a gigantic struggle.

Prof. K.T. Shah in his work, "Principles of Planning" has pictured the state of agriculture in India (pp. 18-44). No one would disagree with his main findings as to the state of agriculture. But the programme he suggested is open to criticism.

In the first place, he does not make a distinction between Indian States and British India;. He writes: "The division between "British India and "Indian" India is meaningless in this connection: and is accordingly ignored".

Secondly, the plan he suggested is to be applied only after obtaining independence. "It is only a fully representative national government which can submit such far - reaching proposals to the

people and get their backing to make the plan ready for execution" p-2. He quotes Nehru to this effect. "National independence is thus an indispensable preliminary for taking all the steps that might be found necessary for carrying out the plan in all its various aspects. It is not possible to draw up a plan on any other basis (Chairman's Memorandum. Hand Book I National Planning Committee p-73) At another place Nehru said, "There can be no effective planning with out political and economical freedom (Preface-8". But what about now? The present is ignored for the future.

Thirdly, even after obtaining independence, what sort of a plan is possible? Shah speaks of a democratic system (p-5-6). What kind of a democratic system? It will necessarily be a system of capitalists and landlords, unless the National Government that is set up after independence is outside the pale of classes and above them. Nehru envisages such a state. He writes: "It is desirable that any big industry which might come into conflict with a cottage industry encouraged by the State, should be fully controlled by the State. This will avoid conflict and make co-ordination easy". (Preface – Nym Wales, p-8) What is the state? Nehru writes of a state in general, can the future state avoid conflict between the large scale and small industries? Can it avoid the conflict between big business and itself? Will it be independent of big business after independence? Such a position is unthinkable. We will wait and see. However, the proposals that Shah put forward in his work can only be carried by a Government of Workers and peasants, when they have overthrown the landlords and capitalists and imperialism.

Today we have to recognise the fact of the conflict of various interests under Imperialism. Therefore, any proposal must not be couched in erroneous theories. Sir. Nanavati writes. "The present obstacles to profitable farming are the lack of a comprehensives agricultural survey including a land utilization survey, want of a

programme for the restoration of full ownership of land to the cultivator, mass illiteracy, inadequate irrigation facilities, absence of co-operative farming and such other drawn backs, the removal of which is a responsibility of the State" (Rural Problems of India, op. cit. p-240). Correct: but we know what the state in India is. It is an interested participator in a society of classes, interests and struggles. Any thing it does is by way of counterpoise. Hence the programme at this stage becomes political.

What the State can and cannot do, we have an example in Mysore. The Mysore State is a feudal capitalist State under the aegis of Imperialism, significantly at present liberal and enlightened. The census of 1941 says: "In Mysore in spite of the agricultural department having demonstrated the advantages of better seeds, better implements, better manures and better methods of cultivation, these have not been applied so intensively by the people as to effectively increase production" (p-33) Why? Because the State is not the people. In U.S.S.R. the State represents the people. The conflict between the profit motive and the interests of the mass of the people as a whole has been wiped out. Production is carried on by the people and for the people (Kursky, op. cit. Preface).

The Mysore State has to depend in an ever increasing measure, on outside supplies of food, as the production of crops has not kept pace with the growth of population (p-34). The State as such cannot do anything, the Mysore State could not make its country self - sufficient. Therefore, it is important to know what kind of a state can solve the problems.

In the matter of decline of cottage industries, which is a historic necessity over which our nationalist historians shed Proudhonist tears, Mysore is no exception. The Census Report says: "Cottage industries

have on the whole declined. This decline is almost continuous since 1871... The Government of Mysore have not lost sight of the need for developing cottage industries. Government believe in the possibilities of factories and workshops thriving, by the side of prosperous villages and see no necessary antagonism between machine industries and simple handicrafts, as they realize that there is room in this country for the plough and the tractor, the charkas and the mammoth mill. The development of rural and cottage industries has thus been a special feature of the policy of Government in recent years" (Census Report – 42).

The Department of Industries, Bombay, in its report for the year 1941-42 notes the improvements it has achieved in the matter of encouraging small scale and cottage industries. The Government in addition to its motive of showing solicitude for the unsheltered sector of capital as against the big businessman is moved by the exigencies of the war to help such industries. The conflict between the various interests is not noticeable, as the fields of development are different. This is different from saying, that industry and agriculture can be coordinated. This cannot be in a capitalist system under imperialism. But until we change capitalism and imperialism, we will have the spectacle of an uncoordinated growth, each in its own way, fighting battles until we come to a phase when we have to recognise that the first thing that we have to do is to destroy imperialism and the second thing to do is to destroy capitalist landlord system.

This is the point. The possibilities of development at present are limited within those limits. There is still scope for development. Nehru writes: It is essential to have both big industries and cottage industries in India and to plan them in such a way as to avoid conflict (Introduction to Nym Wales Book). It is possible even in the midst of the present

structure to plan in such a way as to avoid a major conflict. It is by dividing the ranks of the capitalists and infusing the unsheltered ones with ethical patriotic propagandas, without coming into conflict with the Government aiming at concessions from both antagonistic interests, that the object can be achieved. But conflict is there. It is unavoidable but not-irreconcilable. Progress is through conflict. It is with such a view that Arthur Salter, after studying the Chinese situation in 1934 recommended the following programme of industrialisation:

1. "to encourage industries which can find a sufficient home market.
2. export industries should be limited to those in which China has special advantages in natural resources of traditional skill.
3. industries requiring a relatively small capital investment are preferable to those which require extensive capital plant, in order to compete successfully.
4. industries should for the most part be built first upon China's agricultural production, original production being followed by the industrial process it requires".

He then comes to the conclusion that the industry that has the best prospects is (1) one that has a home market sufficient in itself to support an industrial development (2) that requires a relatively modest capital and expenditure (3) that needs a large proportion of manual work in relation to its mechanical equipment (4) that is closely allied to natural resources (agricultural or mineral) or responds to an already existing industrial need". (Arthur Salter – "China and the Depression: Impressions of a three month's visit". 1934).

Even this realistic programme cannot go through without conflict. In fact, in China we have today what are called "Induscos" (C.I.C.S, i.e. Chinese Industrial Cooperatives) The Chinese people

after bitter experience of struggle against Japanese aggression during the last seven years, have now come to build cooperatives, partly to resist aggression, partly to raise its own material level and partly to industrialise interior China. We see in this work in China the distinction between dogmatic theory and creative theory. So much so that the communists are supporting this cooperative movement. Nym Wales writes:

“Chinese communists are long tempered in the hot furnace of reality. They cannot choose their method by straight laced theory. They are confronted with an endless combination of factors. Mae-Tse-tung (the leader of the Chinese communist party) does not believe in short cuts anyway, and his followers have sacrificed a great number of advantages in order to co-operate with the rest of China on a common democratic programme (p-49)... Mao wrote a letter of commendation to the International Committee in Hong kong dated 25th September 1939. “I am in favour of the establishment of many small industries in China by means of co-operatives... if it is possible to build this kind of (co-operative) industries in the guerilla districts of North China and in the adjacent war regions in the North West, the help would be greatly appreciated and warmly welcomed by the eighth route army and my humble self” (p-50).

The Chinese are courageously carrying out the industrial revolution through this cooperative method (p-233). In China, the national Government, in alliance with all sections of the people, with a democratic front is able to achieve this method and compete with their own private industry (p-255). Here too, it is not without conflict.

In India, we have no National Government. Imperialism is not yet overthrown. Although the overthrow is got on the agenda of the day

(Anti-fascist war), the combined development of industry and agriculture is within its fold. Industry, agriculture and Imperialism, after exhausting the room for development fight the issue out. Therefore, at present any programme for agriculture or industry is political. There is no need to couch it in erroneous theories. This fact must be carried to the people. The A.I.M.O. is playing a good role in this matter carrying the message to the people. As Sir C.P. Ramaswami Iyer said: "Our offices and the Government have too often taken it upon themselves to deal with the files as files and not with the people as people. There has been no going round and covering the people; there has been no propaganda (Commerce. 21st August 43 p-264).

I have written this at length to show the erroneous theories behind the present proposals, and their abstract, utopian character.

IV. THE DISCOVERY OF INDIA

Our Resources – Raw Materials and Minerals

Taking into account the economic history of India between 1919 and 1939, we find that much useful knowledge has been added to the economic geography of India. Every time a need arose for some mineral resource or other, a discovery is made that India has such a mineral. That is, India is progressively discovered with reference to natural resources, as each need arose. And yet India is to be discovered. The Government of India is now publishing a series of booklets on the mineral resources and raw materials of India (Booklets No. 10 and 11). They are helpful. They show the extent to which progress in the economic discovery of India has been made.

Today India is the world's largest source of supply for mica, which is an essential commodity in the production of various munitions and electrical stores. Its export has considerably increased since the out-break of war. Large supplies are sent to the U.S.A and the U.K. (Indian information 1st February 1942 p-77). We possess the world's largest reserves of iron and manganese ore. India is also the world's main source of supply of limonite monazite and Zircon. There is no shortage of chromium, aluminium, lead, tin, copper, zinc and mica. New resources of lead and zinc have recently been discovered. She is rich in aluminium ores, although little is mined at present. Recent discoveries of sulphur deposits in Baluchistan have laid the foundations of a heavy chemical industry. India's resources in water power are vast.

There is vast scope for the production of power, alcohol from molasses and of producer gas from charcoal. (Dr. Lokanathan: Industrialisation, pp. 2,3,4). Her coal resources are equally vast, estimated at between 50,000 and 60,000 million tons. The output of coal has been stepped up to a maximum to meet the growing demands of the car industries as also for supply overseas (Indian information, op. cit., Recently there has been some talk of shortage of coal in General which was said to be due to the policy of Government control. When such is the case, it is very strange that a booklet prepared by the New India Planning Group should under - estimate our resources. It is stated: "Our known deposits of tin, lead, zinc are poor. Even in the case of minerals whose supply is fairly adequate, the location is not such as to keep the cost of production at the competitive level. To take only one case, our coal is more or less localized in Bihar, Bengal and the Central Provinces and this raises the cost of transport to provinces like Madras, Bombay and the Punjab so much as to make importation from distant lands more profitable, at and least in the coastal areas. (Is industrialization desirable? Now India Planning Series Pamphlet 1 p-4; S.R.T. a Pakistan writer also under -estimates the resources of our country). These statements are not true today. In the case of our known deposits there is no serious deficiency at present. In the case of coal, large quantities have been supplied by India to the near and Middle East countries and to the allied Governments since the out-break of the war. With the cutting off of imports caused by the war we are forced to fall back on our resources.

To make the best use of resources, existing and potential, British India and Indian States have been divided into six circles with centers at Calcutta, Bombay, Madras, Lahore, Karachi and Cawnpore. Each circle is in charge of a controller of supplies who locates manufacturing capacity at civil and railway workshops (India Information 1st Oct. 41 p-315). While the system of control was designed for a positive purpose,

in reality controls have become bureaucratic obstacles and in case of food policy proved a failure.

The establishment of a utilisation branch of the geographical survey of India marks an important stage in the development of the country's mineral resources. India is now being combed for minerals essential for war purposes and deposits which have not been working for many years are now being re-examined. The lead, zinc deposits in Udaipur are also now being investigated which have been strongly backed by the American Technical Mission (Indian Information, 15th March 43 P-247). Even on the basis of information supplied by the Government, the statement of the New India Planning Group is misleading. India is being discovered, and yet to be discovered.

With such resources at our disposal how is it that our industrial development is slow?

V. CLASS STRUGGLES: THE BIG AND THE SMALL

There has been industrial development. But it is slow and limited. We can get an idea of it from the study of the industrial structure of India. The All India Manufacturer's Organization (A.I.M.O.) has recently made a study of the large scale industries in India. For the purpose of stocktaking and for obtaining an idea of the extent and nature of industrial advance which the country has made as a whole, Sir. M. Visveswarayya classified the industries according to the amount of capital invested in them into:

1). Large scale industries, the capital outlay on which is Rs. 30 lakh each or more

2) medium scale industries, the outlay on each of which ranges between Rs. 1 lakh and Rs. 30 lakh.

3) small scale industries with an invested capital of Rs. 1 lakh each or less: (Prosperity through Industry p-17)

The A.I.M.O.'s report on the largescale industries has followed Sir. M. Visveswarayya's classification (For statistics relating to largescale industries in India-See A.I.M.O.'s statistical Table p-3). In the number of establishments the place is taken by the Textiles 30, and next come Jute Mills 26 and Electricity 10. The rest of the industries are in this order. Engineering (general and electrical) 5, Paper 5, sugar 3, Iron and Steel 3, Chemicals and Oils 2, Cement 2, and Building, Rubber and Matches 1 each. The total number of establishments is 89. They

employ about 305, 884 workers. Total production value is about Rs. 1,231,621/- (In thousands of Rupees). Most of these have been started by limited liability companies or by private proprietary firms.

With reference to the medium scale and small scale industries, the A.I.M.O. has left them to be profitably studied on a regional basis. We can get the figures from the Reports of the Department of Industries of various provinces. It is the practice of the Government usually to encourage agriculture and cottage industries. We can understand why it is so. Sir. M. Visveswarayya in his speech at the first conference of the A.I.M.O. said: "In India the Government policy is to encourage agriculture if they encourage any production at all" (Proceedings p-17). They also encourage small scale industries. If we remember that British policy in India, war or no war, is based on political expediency, we can understand why they support or retard this or that industry. Moving the resolution on 'the separation of portfolios for industry and commerce' at the second conference of the A.I.M.O. Mr. Gardhardas, B. Morarji said: "During this war time the small industries have had a very good time and all support has been received from the Government to stimulate these industries, but whether the same condition would prevail after the war remains to be seen. (Proceedings A.I.M.O. Second Conference 1942 p-45). That depends on political expediency and the alignment of class forces in India.

As a matter of fact war has given a stimulus to small scale industries. Orders under the scheme proposed by the Government total over Rs. 10 crore in 1942-43 and reached the Rs. 5 crore limit in 1941-42. the Government through the Directors of Industries and Registrars of Co-operative Societies of various provinces is giving help to the small industries (Indian Information 15th March 43 p-204).

There has been more development in the case of small scale industries than in the case of large scale ones. The evolution of capital in India from usurer, mercantile to industrial capital has not yet displaced the former. In the case of industrial capital the top division represents a few houses in India, the bottom ones predominate. Competition among the small industrialists is so fierce that it is expressed in a large number of small industries. It is so in every industrial city in India. While the handicraft industries are declining, while the increase in the large scale industries is not so prominent, in the case of small industries, the increase is phenomenal. We find more frequent failures in this class of industries. In 1932-35 these men were hard hit and it was not towards 1938 that they began to improve the position. In fact to the fierce rivalry between large scale industrialists and the small scale ones, the rivalry amongst themselves and the realisation that they should get together in order to save themselves from external and internal competition, led them to found the Association of Indian Industries in 1936. Mr. Sankalchand G. Shah, Chairman of the Reception Committee of the 1st A.I.M.O. Conference said "It is the aim of the Association to serve as the watch dog of the interests of the small and medium scale industries. Factories and factory owners all over the country in every matter pertaining to their activities and the services of the Association are at the disposal of such factories and factory owners, wherever they may be situated". (Proceedings 1st A.I.M.O. conference pp. 4-5). The Association of Indian Industries represents the conscious articulate section of the "small units in our industrial fabric. Speaker after speaker both at the first and the second conference of the A.I.M.O. stressed the importance of protecting the small units of industrial structure. This was not so much noticeable at the third conference of the A.I.M.O. In fact the A.I.M.O. came out of the Association of Industries. Sir. M. Visveswarayya is not unmindful of the rivalries between the

big and the small and among the small ones. In fact, he said: "Past experience has shown that owing to the complex nature of interests involved, and lack of influential backing, industrialists in this country are usually diffident and distrustful and co-operation among them has not been easy". Here Sir. M. Visveswarayya mildly referred to the class struggles among the industrialists. He said further: "But the members of this Association who asked me to participate in this conference have assured me of their resolve to spare no pains to organize an effective form of common action among industrialists in the coming year (Proceedings – 1st conference of A.I.M.O. p-15). From the very beginning Sir. M. Visveswarayya insisted on industrialisation of the country regardless of big or small interests on an all India basis. It is significant to note that the speakers did not so much stress on the small units at the third conference.

These things should not be ignored. On the other hand, we must go through the veiled phraseology of these industrialists and find out the real motive of their interests. Mr. A.R. Bhat in moving the resolution on 'appeal for public cooperation' at the second conference of A.I.M.O, said: "This organization is not formed merely with a view to safeguard and push forward the interests of one class of society alone. What we are striving for is the increase in the productive capacity of the country as a whole which will add to the wealth not of a few capitalists, or factory owners but of every citizen of this country". (Proceedings 2nd Conference A.I.M.O. p-57) The injured class i.e., the small industrialists seek a social basis for their sectional demands in a national phraseology. It is this that is at the back of their call for a people's movement for a social gospel. Another speaker Mr. G.G. Morarji at the same conference said: "The main object of a nation in developing its industry and commerce is to increase the income of its population and raise the standard of living but in this country more care is taken to see that instead of the income,

the income-tax is raised with the development of trade, commerce and industry" (Proceedings A.I.M.O. 2nd conference p-45). While he is protesting against the income-tax he is forgetting the fact that one of the ways of knowing the rise in income is by the rise in the income – tax. Here again the sectional interests and sanctionalised is national interests.

This is the situation today. On all sides there is a regret that handicraft industries are declining. At the same time a few financial magnates are at the top operating the biggest concerns in India. In the middle are the industrialists who cannot compete with the big ones, who cannot be backed by the Government except when it is necessary for them to do so, who are in bitter competition with one another among themselves and who now seek a way out by a concerted section with a social philosophy. We will sketch the rest of the limited development of our industries in the Chapter on State.

VI. STATISTICS

Sir William Petty is not only the father of political economy but the founder of statistics in England. Political economy arose in England with the rising capitalist class and their need for accurate numbers and figures. Petty's 'Political Arithmetic' is an indication of that need. The father of our political economy is Ranade who pleaded for a realistic, relative, historical study of political economy. In 1920, Visveswarayya complained of the absence of statistics in his work, "Reconstructing India". In 1925 the Economic Enquiry Committee presided over by Sir. M. Visveswarayya came to grief for lack of unanimity among its three members. The object of the committee, was to suggest a scheme of statistical measurement for production and economic progress. In his address to the Mysore Chamber of Commerce, Bangalore, 16th December 1940, Sir. M. Visveswarayya said: "I offered to compile actual statistics of progress so far as they were available but the Government only wanted a scheme to advise about the organization needed for the collection of statistics. The scheme they wanted was supplied" (Rapid industrial advance. Address by Sir. M. Visveswarayya p-14). It is clear why the Government of India did not want an actual survey of progress. It wanted a scheme for the organisation statistics only. The conflict of different needs, expressions of different interests is visible.

In 1928 the Royal Commission on agriculture also noted the inadequacy of statistics. In 1934 Bowley Robertson report complained

of the same inadequacy. They submitted a scheme for an economic census of India. They wrote:

"The statistics of India have largely originated as a bye-product of administrative activities such as collection of land revenue, or from the need of information relating to emergencies such as famines....As a result the statistics are unco-ordinated and issued in various forms by separate departments. The only co-ordinated general publication is the Statistical Abstract which omits some important statistics which must be searched for in other documents". They further wrote: "To put it briefly, the statistics even of crop production leave much to be desired, while statistical information about other important parts of agricultural income, such as the out-put of animal husbandry are almost completely lacking and statistics of industrial production are patchy in the extreme". (Bowldy and Robertson, 'A scheme for an economic census of India with special reference to a census of production and reorganisation of statistics. 1934 pp. 1,9).

The Government was satisfied with the then existing statistics, as it served their needs. With the advent of the industrialists, the need for statistics to champion their point of view in opposition to those of officials and to take stock of their own requirements became manifest. In the same year, Sir. M. Visveswarayya voiced the need of the industrialists in this manner:

"Except in the case of organized industries, regular statistics of existing industrial establishments of all classess are not at present available" (p-57). "To obtain a clear idea of the true position of industries in this country, an industrial survey is a necessary preliminary and the first step towards it is to collect statistics of existing industries". (p-58). "There has been no attempt at a systematic survey of the natural resources such as has been carried out under the policy of "conservation

of resources" by the Governments of U.S.A. and Canada" (-59). He further complained that there has been no analysis of our imports and exports (Planned Economy for India 1934). He again referred to this point in his speech to the Mysore Chamber of Commerce.

After the war, Dr. T.E. Gregory, Economic Adviser to the Government of India, complained of the same. Now it is the other way. The officials are also complaining of the lack of statistics. At the 25th Indian Economic Conference held at Bombay on 31st December 1941. Mr. J.P. Niyogi said: "We have as yet no definite information as to the income of the ryot, his family budget and cost of living, survey of cottage industries or medium size industries for the country as a whole, a census of production, the index of cost of living for areas other than urban, and the burden of taxation on different income groups". Here is a comprehensive demand, the economic association, symptomatic of the comprehensive need of the day.

In the absence of such comprehensive statistics and related historical statistics about which I have written earlier, we have to be spectators in economic political battles. The oft cited statement 'pressure on the soil', is recently questioned by one writer. We have no means of verifying the statement. A few articles appeared in the press on this question. But it remains uncleared.

In addition to want of statistics we have come to a state where the interested parties withhold information or have their own private statistics or research agencies. Concerning the communal composition of the Army, Ambedkar writes: "Now it is one of the most intriguing things in the military history of India that no information is available on this point after 1930. It is impossible to know what is the proportion of the Moslems in the Indian Army at present. There is no Government publication from which such information can be gathered" (Dr. Ambedkar's thoughts on

Pakistan, p-77). He further writes that the debates in the Assembly on this question in 1938 failed to get any information from the Government (IBID 11, p. 77-6). The Imperialist State withholds information. This gives rise to individual research of statistical agencies.

Dr. Gregory writes: "In India, the gap between knowledge and the application of knowledge is serious and perhaps growing". This gap between knowledge and action is not true of India alone. It is true of all states that rule over a society of classes, interests and struggles. What is more we have not enough knowledge. Sir George Schuster, discussing this problem writes: "It is interesting to note in this connection, the recent recognition in U.S.A of the value of knowledge as to what is happening in the business, world as method of instructing public opinion and thereby guiding public policy. But the U.S.A. has needed to spend a million dollars and to have a report on its National Economic Council consisting of 33 volumes of evidence and 42 volumes of monograph and conclusions to give its public information showing that a vast part of the manufacturing industry in the control of a small number of immensely powerful Corporations" (Sir George Schunter and Guy Wint, "India and Democracy London 1941, p-308). We have to wait for some time for such a knowledge in India. The National Planning Committee has to face difficulties in the matter of statistics. The objectives of the planning cannot be attained without the genuine co-operation of the Central Government. (Sundararajan, Economic Planning p- 71). Its work is at present in abeyance mainly for this.

The Statistical Conference which has been meeting since 1938 has been doing some work. At the 5th conference Sir. V.T. Krishnamachari echoes the words of Bowley and Robertson (Sankhya – The Indian Journal of Statistics Vol. VI p-3 edited by P.C. Mahalanobis – June 1943 p-235). The Institute of Statistics under whose auspices the conferences are held is publishing at present valuable monographs.

Taking this confusion into account, the All India Manufacturer's Organisation at its 2nd conference passed a resolution in favour of reorganising, coordinating and systematising the various activities of the various departments in the matter of collecting statistics and in favour of legislation for compulsory information from industrial establishments (Proceedings of 2nd Conference A.I.M.O. p. 30-36). In view of the growing demand for statistics, the government of India has passed the Industrial Statistics Act 1942 which gives power to the Central and Provincial Governments to make arrangements for the collection of industrial statistics. But the Act did not provide compulsory centralising and co-ordinating agency. It merely gave permission to the Provincial Governments to collect certain statistics on subjects of industrial interest.

Only the Government of Bombay has taken lead in this matter. The Annual Report of the Department of Industries, Bombay came to the conclusion that the present positions of statistical publication in this country as also the methods employed for the collection and publication of industrial statistics are quite inadequate.....(p-18). "In view of the growing demand for statistics and the fact that without adequate data it would be impossible to determine the steps essential for encouraging and developing the growth of the right type of industries in the province, the Department has prepared a scheme for preliminary census of Industrial Production for the Bombay Province". (p-1)

At last Bombay is going to realise the ideas of Bowley Robertson, advanced in 1934.

During this year, we see that almost every book on the economic problem of India complains of the absence of statistics. We are still in the complaining stage. The remedial stage is yet far away. Meanwhile, various departments, public and private, Universities, their economic

and sociological departments, Social Service Leagues, Private Industrial Organisations, private and public research boards, institutes and organisations have been utilising the existing statistics manufacturing their own adding to the confusion.

I will cite one example. Sir Akbar Hydari in his recent interview with the A.I.M.O. (30th June 1943) said that while the European businessman documents his statements, the Indian does not. This is no slur on us. We have seen in the Press an agitation concerning the activities of U.K.C.C. to the detriment of Indian interests. The debate that took place in the Council of State (28th September 1942) proved once again that our men did not document their grievances, while Sir Alan Lloyd pointed out that only 10% of the trade of India went through U.K.C.C., while the remainder 90% was carried by Indian merchants. This does not mean that Sir Alan was right. He might or might not be. But our men did not refute him with one fact or figure. On the other hand, Sir Alan succeeded in getting his amendment accepted by adding the word "alleged" before "growing monopolist activities", the original phrase moved by Mr. P.N. Saprú. This means that while politically it is a good move to have the resolution accepted with the amendment, in reality it means "that we could not definitely prove that the monopolistic activities of the U.K.C.C. are real and not alleged and detrimental to the interests of the Indian businessman. It is true we may not succeed even if we get facts and figures to prove the case. But the debate would have been of immense political propaganda if it was substantiated by facts and figures, which Sir Alan could not refute. My point is that in economic controversies, we must arm ourselves with facts and figures. It appeared as though that Sir Alan won the debate.

Another example....At the 16th annual session of the Federation of Indian Chambers of Commerce and Industry held at New Delhi

(27th March 1943), Sir Abdur Halim said that U.K.C.C. was selling sugar in Iraq and Iran at ten times the price at which it was bought by it in India. Mr. N.C. Mehta, Sugar Controller who was present, intervening states that not a single ounce of Indian sugar was sold to the U.K.C.C. Sir Abdur Halim asserted that sugar might not have been sold directly to U.K.C.C. but it had to be sold to them because Indian traders themselves could not ship it to Iraq or Iran (Hindu March 1943) because of the difficulties of getting permits. In the case of sugar, Sir Alan Bloyd stated that U.K.C.C., acted only as transporters, but that the purchaser was the British Government (Hindu 29th September 1942).

I cited these instances to show how absolutely it is necessary to get armed with facts and figures in political and economic warfare.

The conclusion is irresistible, we need a centralised, compulsory, coordinated statistics. We cannot have it in a world of classes, interests and struggles ready-made. We have to sift it out of the mores according to the interests of the class or the individual. The National Planning Committee has all the elements for such a work, but it lacks political power. Its own class interests after the seizure of power may preclude it from being an all-India agency. Not until that class, which has its identity with the whole society, comes to power, can we have real, accurate, centralised all – comprehensive statistics.

VII. THE STATE

The State 1890-1920

The modern State is the product of the 16th century which coincided with the birth of "Nations" and "Capital". Historically it arose as the hand - maid of the capitalist class. It is the centralisation of power of the class that happens to be in power at a given time organised that the capitalists wanted for their economic activities, for realising their various economic and other interests. This historic concrete aspect of the State has come down in the modern text books as a dogma that the State is the corner- stone of economic activity. Basing on this mistaken dogma, the Indian industrialists are looking up to the State for encouragement and help. But they are mistaken. We must analyse a given State that obtains in a given country in all its aspects. The state that obtains in India is an Imperialist State. It is the organisation of power in India run in the interests of millioocracy and moneyocracy of British. Historically viewed it has several phases to its credit: the destroying phase, the regenerating phase and the Imperialist reactionary phase.

In the earlier phase, the state destroyed the 'idyllic village system; which has been the solid foundation of Oriental despotism which restrained the human mind within the smallest possible compass, which has been the unresisting tool of supervision enslaving it beneath traditional rules, depriving it of all the grandeur and historical energies and which was contaminated by distinctions of caste and

slavery (Marx. British Rule in India'). Although moved by the vilest of interests, although her economy in India was swinish, the imperialist State played the role of unconscious tool of history in bringing about a social revolution in India. The State had a double mission in India, one destructive, the other regenerating; the annihilation of the old Asiatic society and the laying of the material foundations of Western society in Asia. The destructive phase was limited to the extent that Britain wanted freedom for the development of her capitalist enterprises. The regeneration was expressed in the "so called phase of development" of railways, telegraphs, roads and irrigation. Marx wrote: "I know that the English millocracy intend to endow India with railways with the exclusive view of extracting at diminished expenses the cotton and other raw-materials for their manufacturers. The railway system is useless to the Indians, so wrote Marx to Danielson who became the forerunner of modern industry. The State played a progressive role only in so far as it prepared conditions of laid foundations for new advance. In fact Marx wrote, that the full benefits of British rule could only be reaped by the Indians when England is out of India. England will not be out of India unless the Indians see the need for political transformation whereby the Indian people should free themselves from imperialist rule in order to build the New Society.

The New Society of modern largescale industry began with the plantations, jute and textile mills, iron and steel industry on the limited foundations laid by the Imperialist State. The productive forces felt the fetters of imperialism and the birth of the national movement was inevitable.

"The chief problem for the young bourgeoisie is the problem of the market. Its aim to sell its goods and to emerge victorious from competition with the bourgeoisie of another nationality (British Imperialism). Hence its desire to secure its "own home" market. The

market is the first school in which the bourgeoisie learns its nationalism". (Stalin. "Marxism and the National and Colonial question" pp. 13-15)

The rising Indian industrialists struggled for a market with the imperialist state. It is in this struggle that the nationalist movement in India took its origin.

From this point of view, we see that the history of the industrial development of India is the history of Indian nationalism for political freedom, which in reality means freedom for the development of capitalism, the history of the struggles of the Indian bourgeoisie with its political organisation - the Indian National Congress - for fiscal autonomy and the history of concessions from Imperialism like limited fiscal autonomy. It is not necessary to go into details of this development.

Our writers ignore this aspect of the problem. From the beginning they looked up to the State for help. In 1892 Ranade wrote: "State help and State direction are required in India when new lines of industry are to be opened up and if given fully, the expenditure will not only pay itself but will enormously develop the wealth of the country" ("Iron Industry Pioneer attempts" read at the Industrial conference Poona 1892 M. Ranade Essays, Natesan's publication p-192). He did not realise that the imperialist state could not render such help. In fact the period of development begun by the Imperialist state gave illusionary scope that the state in India would promote pioneering interests. He actually believed that the State in India was following "laissez faire policy" out of pure theoretical love. Hence, his analysis of political economy pleading for a realistic, relative historical approach and for protection basing himself on the theories of Mill. He even came to the conclusion in 1890 that there is really no conflict of interests between the rulers and the ruled, who all alike desire to promote the industrial and economic progress of the country" (Inaugural address at the 1st Industrial Conference, Poona Essays, op, citi. 193).

Taking the period of 1890 into consideration, we find that new industries were few, and the textile industries were first coming into existence. This period was the beginning of the Industrial Revolution in India on the foundations laid by Britain. It is, therefore, to a certain extent justifiable that Ranade should hold such views at that time. But he was in the main wrong. He was inconsistent. He wrote: "After all, Government help can do but little save pioneering work. The Government of India is anxious to help us" (Inaugural address at the 1st Industrial Conference, Poona 1890 p-203). A strange thing to say even in 1890. But at the same time we find him in passionate outbursts against foreign monopolies.

"Our shipping is not ours: not even the coasting trade is carried on in our bottoms. The proportion of native craft to the total tonnage is two and a third per cent and it is a stationary percentage. Our banking is not ours though to a large extent we find the money which finances the exchange banks. The insurance and the freight and the commission business are all foreign monopolies and the foreign merchants' hand is seen trafficking direct with our producer in the remotest and small villages. The railways are admittedly foreign monopolies: (ibid P-109).

We find Sir. M. Visveswarayya following the same line as Ranade did. In 1920 he wrote: "if the British cordially help the Indians to build up their industry and trade... the resulting effect on India's prosperity will be immense. (Reconstructing India p-15). Could they help? Between 1890, when Ranade wrote, and 1920, we can note what developments have taken place. The Indian industrialists in alliance with professional intelligentsia won political concessions. The Indian National Congress was growing into political strength and the first world war showed the limitations of Indian advance in spite of an opportunity. The Swadeshi movement and the impetuses given to it by Tilak fostered local industries. Even at the time of Minto-Morley

Reforms 1909, the Government was against any encouragement of Indian industrial enterprises. The provincial departments of industries were in infancy. The political movement continues agitating when the World War broke out. The iron and steel industry which was started in 1911 amidst great difficulties received stimulus during the War on account of political exigencies. The businessmen and a few industries gained by the war. The Indian Industrial Commission was a sop to the impossible ambitions of the businessmen as the officials say. Its recommendations were not carried. The agitation continued. The fiscal commission recommended discriminating protection. This was a victory, a limited one for the industrialists. This was what they wanted. With the setting up of the Tariff Board and its discriminating protection, steel, cotton, sugar, paper and matches were given protection. The large scale industries won the day.

From 1890 to 1920 we find it historically proved that the industrial development of India could be of a limited character within the aegis of Imperialism. What Ranade lacked in 1890, we find in practice in 1920. In fact Sir. M. Visveswarayya has drawn this conclusion. He wrote:

“In India Government has shown some enterprise in developing railways and irrigation but the expansion of trade and industry has been a matter of British domination and has left the people of the country disinherited with no share in the control of policy or its operation” (Ibid p-134).

With this conclusion it is difficult to understand how he could urge upon cooperation between the Government and the people, as Ranade did. “If industries are to thrive”, he wrote in 1934, “there should be co-operation between the Government and the people on one side and between the owners of industries and the labour population on the other” (Planned Economy for India p-98). Two contradictory suggestions. Such cooperation between two contradictory things is impossible, except at occasional times as at present (Anti-fascist war).

But Visveswarayya like Ranade, his moments of passionate outburst against the Imperialist State. He said: "The country is ruled by the Secretary of State who adds to the duty of that high office those of a banker to British trade with India (who gives) priority to the immediate needs and permanent interests of Great Britain". (quoted in Y.S. Krishnamoorthy – Sir. M. Visveswarayya – a study 1941, p.60). At another place he said.

"Great Britain wants India as a market for her manufactured products. So there is no incentive to the growth of industries in this country".

"Great Britain wants an investment market for the capital. So she feels she cannot slip her financial control of India".

"Great Britain wants her markets secured. This security is secured by a huge army maintained at the cost of the Indian tax payer but absolutely under British control" (quoted in V. Sundaramurthy – India and the Great War – A plea for planned industrialization p-9). Excellent analysis of the Imperialist state. In 1934 he came to the conclusion: "the prime prerequisite of all economic progress in this country is the early establishment of Responsible Government at the center. Responsible Government and a suitable economic organization are both absolutely necessary to replace the present sterile economic order". (Planned economy p-362).

Above all, the preface that he wrote to the correspondence between himself and the Government in connection with the Automobile Industry is a powerful indictment of the Imperialist State, written in the great liberal traditions (See correspondence).

Thus, in both Ranade and Visveswarayya we find the two streams of contradictory thought, one believing in the Government's help, the other knowing want the government is.

We will now take up the recent views on the question of state. Dr. P. Lokanatham, discussing the meagre industrial development in India writes: "Above all a laissez faire policy was quite inadequate for a poor country like India, which can only be developed under a well conceived Government plan". (Industrialisation p-6). Ranade mistook the conscious policy of the State as a laissez-faire policy. Lokanatham makes the same mistake. It is not out of a theoretical love for free trade or laissez faire policy, that the State is not giving protection to India's industries. It is in her own interests that she cannot conceive a plan for the development of industries except for simple ones that do not affect her in any way. It is not as Sir. Basil Blackett, ex-finance member of the Government of India, said that the Indian Government was dominated by the ideas of Manchester School. We must ask whether she was not dominated by the Birmingham School. Our import of western generalisations with the Indian situation, which do not take into account why the State was pursuing a policy which we characterise as laissez – faire is adding confusion. The economic history of India proves this to the core.

The report of the Bombay Economic and Industrial Survey Committee 1940, repeats the same shibboleth: "State policy towards industries has been largely one of laissez – faire" Vol. I P-137). This conclusion is also incorrect. Those industries that do not affect the imperialist State have been encouraged. Those that affect her interests are not encouraged. This is different from saying that the State adopted a laissez - faire policy, which in reality is a conscious policy of retardation of industries.

The State: The Big and Small industries: 1920-39

With this point in view we will sketch the further limited development of our industries from 1920 to 1939. In the matter of

cement, coal, cotton, piece-goods, jute, matches, paper, pig iron, sugar, sulphuric acid, steel ingot, there has been a remarkable increase in production. During this period, the imports of raw materials necessary for industrialisation increased, while imports of goods for consumption declined. This means that progress has been noticeable in the development of 'consumers' goods industries e.g., sugar, matches and cement. Partial self - sufficiency was reached in cotton, pig iron, steel, glass, paper, hardware and soap. But this progress was limited (Sri. Lokanathan op. cit. pp. 7-8).

During this period, the agitation was mainly centred against the discriminating protection. One of the conditions laid down by the commission was that raw materials used by the industry should be amply available within the country before it could successfully claim protection. This was a severe condition. In the initial stages, no industry could be self- sufficient without importing raw materials from outside. In fact, during this period, the imports of machinery and other capital goods from outside increased. The agitation was against half- hearted, halting, untimely bureaucratic protection. Even Iron and Steel Industry and the Textile Industry obtained protection after prolonged struggles and delay. The agitation was against obsolete and out-of-date conditions of the fiscal commission which sought to destroy heavy industries like the automobile one (For a discussion of conditions laid down by the fiscal commission and their effect on industries see John Mathai "Tariffs and Industry" 1944, pp. 7-12). The agitation was against preference for large scale industries to the neglect of small ones. The agitation was against foreign interests and companies which came into existence in the name of India Ltd., and which sought protection, which was primarily intended for Indian concerns and industries (See the resolutions on tariff policy and foreign competition and competition from foreign industries established in India at the 1st A.I.M.O. conference 1941).

Indeed this period was a period of intense political agitation. The three civil disobedience movements have taken place during this period. It was also a period of Round Table Conferences, Commissions and Reports. Economically it was a period of the greatest economic crisis of the world. The Imperialist State tightened its hold on India. The era of Willingdon repression was also part of this period. Industrial questions stood as they were before.

We also see the growth of the rivalry between the large-scale and small-scale industries during this period and after. The first World War somehow started the large-scale industries going and the small-scale industries found that they had not enough influence to be recognised by the Tariff Board. At the 1st A.I.M.O. Conference held at Bombay in 1941 Mr. M.J. Vaidya speaking on Tariff Policy said: "but protection has at last been given to some of the major industries in our country because they could organize themselves and make their voice heard and the pressure of their demands felt but in the case of medium and smallscale industries, no organized efforts have so far been made to grant Tariff protection by the Government of India". (Proceedings p-39). "The Tariff system as it exists at present does not take into account the need for protection to medium scale industries" (Ibid p-40). In fact, the 1st Conference of A.I.M.O. is a plea for recognition and protection of smallscale industries by the Tariff Board.

The rivalry between the big and the small is also noticeable on the question of industrial finance. The first resolution of the 1st conference of the A.I.M.O. was on this question: "This conference draws attention of the Government of India to the absence of adequate facilities for the financing of small and medium scale industries.... The scheduled Banks be encouraged to grant loan facilities for the financing of small and medium scale industries. (Proceedings—p. 28).

The same point was stressed at the second A.I.M.O. conference, in this resolution: In the opinion of this conference the development of

industries, specially small and medium scale ones in this country is retarded, not so much from lack of capital as through lack of adequate financing organisation (Proceedings – p-37). Mr. B.M. Goenka who supported the resolution said:

“In the ranks of these borrowing industrialists precedence should be given to small and medium scale industrialists for whereas large scale industrialists have tangible assets and business reputation to offer as security for the loans that they obtain, the small and medium scale industrialists are not blessed in the like manner although their needs for loan may be economically sound. The present banking structure in the country does not cater to the financial needs of these small and medium scale industries. The commercial banks are apathetic towards them and the terms of the shroffs are burdensome. The State Aid to Industries Acts passed by the various provinces and States and designed to assist small and medium scale industries have disbursed very meagre amounts which are insufficient to meet the problem they attempt to face” (Proceedings of Second Conference p-42). Mr. Vithalrao Joshi in supporting the resolution said: “At present there are no adequate financing agencies in our country to finance small and medium scale industries. It is the duty of our Government to supply finance to small scale industries (ibid p-43).

Struggles among themselves and looking up to the State, an imperialist State, for help!

The first and the second conference of the A.I.M.O. did not analyse the nature of Indian finance, but concentrated on demanding the distribution of the existing finance more to the small-scale industries than to the large ones. The third conference discussed the question of industrial finance in general without any reference to small or large scale industries and referred to the lack of proper organisation and

coordination among the principal credit and financing institutions engaged in the financing of industries" (Proceedings: Resolution p-2). This is significant.

The rivalry between the big and the small is also expressed on the question of the personnel of the Board of Scientific and Industrial Research – Mr. G.N. Banerjee moving the resolution on Technical assistance and research said:

"Even if they (7 out of 13 members of the Board) may be called representatives of the largescale industries, they can never claim to represent the cause of the small and medium scale industries who have been left at the tender mercies of the more powerful competitors. We believe a very great injustice has been made to this latter group of industrialists who, though they may be small individually, do form collectively a very big unit and thus are of vital importance to the industrial and economic life of the country. While we have no quarrel with the big scale industrialists represented on the board, we believe they themselves are organized and are big enough to be able to institute their own researches for their individual problems. In fact these are already in existence well equipped with research laboratories for the textile, sugar and cement industries while the Steel Industry has provided itself with one of the best and most up-to-date laboratories existing anywhere in India. The metallurgical laboratories of Tatas have no doubt proved themselves to be of inestimable value in the manufacture and development of new kinds of steel and iron products, which are meeting most of the industrial demands of the country, even under the difficult conditions created by the War.

Government have also appointed a Scientific Utilisation Committee to exploit the results of the Scientific and Industrial Research Board. The former again consists of members who are mostly members of

the latter. The interests of the minor members here again have gone unrepresented and will therefore, remain as unheard as before. The troubles of the minor industries are already distressing enough, as they neither possess sufficient means nor the organisation necessary for instituting research work and securing the necessary technical assistance for their manufacturing problems.

We may therefore, urge that it is for the State to provide adequate technical guidance and research facilities for the benefit of industries in general and to make those benefits available particularly to the minor industries." (Proceedings – 1st conference A.I.M.O. pp. 55-56). Again struggles among themselves and looking up to an imperialist State for help.

The rivalry between the 'Big' and 'Small' is also expressed on the question of securing representation on Public Bodies and Government Committees of small and medium scale industries. The 1st conference of A.I.M.O. in a resolution characterised this as a question of long standing grievance. The small industrialists feel that they are no where and that they have no voice (Proceedings: p-83, 84). Again a cry for help from the Imperialist State.

The class struggles between the industrialists turn into struggles against the State. This is a special feature in India. The State, according to the strength or weakness of the combatants, plays a many sided role, now of counterpoise, now of conciliation and now of neutrality. On the whole it confined itself to the development of small-scale industries under the direction of the Department of Industries of various provinces. It confined itself towards the preservation and development of old indigenous industries. Its efforts in the direction to handloom industry are fairly satisfactory. The present war has given an impetus to the handloom industry (Indian Information 1st October 1941. p-338).

3. The Defects of Indian Economy

It is at this stage that we have to take into account the other factors that hindered the development of industries in India.

Mr. V. Sundaramoorthy after mentioning ten defects in the British Indian Economy which are impediments to industrialisation, writes: "I would pile up this list under fifty or more heads". (India and the Great War op. cit p-25). We do not wish to present such an imposing list. The defects of Indian economy could be studied under the following heads.

A. The Feudal Order

The Imperialist State destroyed feudalism in so far as it is necessary for its development. As long as feudalism is not destroyed, capital cannot develop itself. An agrarian revolution is long overdue. All the schemes relating to agriculture, the peasant and the village center on one thing - the system of land tenure and the feudal obligations arising out of it. Therefore, unless feudalism is destroyed along with absolutism, the Indian capitalist can expect no liberation. He cannot liberate himself unless he liberates the whole country from feudalism and absolutism. That was what the great French bourgeoisie did. The Indian capitalist has powerful allies, if only he can see in the workers, peasants, students and the middle class intelligentsia – a power against feudalism and imperialism.

B. Weakness of the Competition of Indian Capital

Indian capital, the top rank, has just now emerged from the world war differentiating itself from the lesser rank. The Tatas, the Birlas, the Dalmeias and the Walchands dominate the financial field. Even this top capital has not yet risen to such heights as will enable them to pursue their projects independent of the Government's attitude. Naturally the

lower rank which predominates quantitatively relies on the Government weakening the bonds of unity in their struggles against a State which retards their development. The competition within the lesser ranks and between the big and the small ones divides leadership and lack of a well defined all-India economic approach is the result. In view of this, the industrialists should submerge their sectional and national interests and embark on ventures which do not involve them in conflict among themselves.

In fact, it is this that is giving rise to the people's movement for industrialisation, especially among the smaller ones.

C. Industrial Finance: Organisation etc.,

These defects of the Indian economy are seen in the analysis of industrial finance. The banking facilities are still inadequate. They suffer from a sense of historical failures. The banks are glorified money-lending institutions. The linking of banking to industry, and industry to banking (i.e. finance capital) is just in an infant state,. The Traders' Bank at Lahore is an example of this kind. It has now become the instrument as Lala Shiv Raj, the director tells us "for mobilizing the notoriously shy capital in the country and divert it to sound industrial projects" (Commerce and industry. Traders Bank Supplement P. ii 25th August 1943). We have already referred to the Tata Financial Trusts, the New India Investment Corporation and the Birds Investments.

The historically justifiable "Managing Agency System" is giving place to new entrepreneurs, but the past still weighs heavily on them. Fifty years after what Ranade said, we regret to say that our banking is still not ours. Our capitalists are still shy and timid. This is seen in the fact that capital has been forthcoming in the case of protected industries, but in the case of non-protected industries, it is not. We can see it in the case of the dropped automobile industry, in the case of Walchand taking back his shares from the Aircraft Company. The fears are no

doubt due to the politics of Imperialism. Above all we lack an Exchange Bank. This line is monopolised by foreign interests. (Compare John Mathais remark "Capital can no longer be regarded as shy.... In Tariffs and Industry p.15)

Speaking on the occasion of the opening of the Bombay branch of the Bank of Jaipur Ltd., 3rd July 1943, Sir M. Visveswarayya made a plea to build up a strong country – wide banking organisation. He said:

"With the inter-relations of finance and the complexities of foreign trade, banking is no longer a mere money-lending affair. It is a science in itself which requires deep study and close acquaintance with contemporary fluctuations in trade and in industry". He further made a plea for the establishment of an Indian Foreign Exchange Bank. The country-wide organisation that he proposed would be useful for bringing into existence a large Indian Foreign Exchange Bank by the combined effort of all the important Indian Banks. The proposed Bank should be equipped with a large amount of capital and it should have its branches in the most important cities of the world. A Foreign Exchange Bank for India is needed badly because it is difficult to obtain cooperation from competing foreign traders in developing export business" (Times of India 7th July 194). Indian traders, he further said, in foreign countries have felt great difficulty in their business for lack of direct banking connections, lack of consular agencies to watch the interests of Indian trade and absence of a national mercantile marine. To overcome these for the present he pleaded for the establishment of an Exchange Bank.

D. The Imperialist State – Transport:

We have already considered the role of the State. Its interests are reflected in its fiscal, financial and discriminatory policies at present in the guise of controls which hinder economic development. We will consider here the question of transport and how it is hindered

by the state and the Railway companies. The three main important items of Transport, Shipping, Automobile and Aviation have not been encouraged owing to vested interests. "Transport" as Patuck observed, "is the fertilizing agent of trade and industry" (Commerce 10th July 1943). The pioneering efforts of Walchand Hirachand in the realm of transport industry are well known.

The Government's large investments in the Railways are standing in the way of the development of other forms of transport like the motor and others as they may become rivals to railway transport. The Government has systematically neglected to manufacture railway plant, equipment, locomotives, wagons and motor vehicles in India. The Tatas have shown that most of the equipment required by the railways can be manufactured in India at an economic cost. Humphrey-Srinivasan report made it clear that internal combustion engines could be built in India. Rolling stock and rails had to be diverted to meet the requirements of Defence. Dismantling of the rails has been a distressing feature. The Government is now faced with the organisation of alternative methods of transport. With this end in view, the War Transport Department was created on 9th July 1942. The Indian Information (15th March, pp 212-18) gives a list of its activities all to say that transport is being steadily placed on a war basis.

We look to the other side of the picture, the activities of private enterprise in the realm of transport. The Jamnagar and Dwaraka Railway opened shipping office in Bombay for the diversion of trade from Bombay to Kathiawar and to the north of Viramgaum by the meter gauge route so as to make more broad gauge wagons available for the requirements of the Government and the country. Mr. Amritlal Ojha, Chairman Indian shipping Industry Ltd., said:

"The advantages that would accrue to the public in general by inauguration of this service between Bombay Bedi Bunder and Okha

Port on the rail-cum-sea basis, are to lessen the worries of shippers at both ends and encourage trade to the good of all concerned". He further said that the Jam Saheb has given a lead in relieving the strain on the railways when a suitable opportunity arose to introduce rail-cum-sea service connecting his State to the great metropolis of India. The New Agency that has been established under His Highness' aegis will no doubt be able to relieve considerable strain on the railways by diverting a part of the traffic to country crafts". His Highness hoped that this service would in addition benefit the Kharwas. (Times of India 26th August 43).

What the Government and the railway companies failed to do, private enterprise has done by the alliance of an Indian State railway with an Indian shipping Agency.

That the transport system is far from perfection can be seen from the plight of roads which handicap economic prosperity. There has not been any real progress in road development for the last ten years. In 1929 a Central Road Development Fund was created. It made available a small portion of the petrol tax for the construction and improvement of the roads. The ten years preceding the out- break of the war, had seen less money spent on roads than before the creation of this new and additional source of revenue for road development. Speaking at the annual meeting of the Indian Roads and Transport Development Association in Bombay, Mr. R.H.Parker, the President said: "India's backwardness in the matter of roads has contributed very largely to her agricultural, commercial and industrial backwardness to-day.... The scarcity of food of which we hear so much to-day would never have occurred if the country had been adequately provided with roads. If large areas of cultivable land in the country have been lying uncultivated for years, one of the chief contributory causes has been that owing to the lack of roads in the areas and the consequent lack of access from

them to their markets, the cultivation of the lands has not been a paying proposition in the past, since the primary producer has to pay the high cost of the primitive transport which he has to use". He further said that improved roads, and the metalling of a cart track would reduce the strain on draught animals and increase both the carrying capacity and the speed of the bullock cart.

The absence of roads in rural areas has also retarded economic development. In a letter to the Indian Roads and Transport Development Association, Pandit Sitacharan Dube wrote: "that absence of roads and bridges in Hoshangabad District and its consequent cutting off from all the country side, was the cause of the economic backwardness of the district (Times of India-27th August 1943). The Government has to take this question of road expansion especially at a time like the present food crisis in our country. It is also part of war effort.

In spite of these obstacles the Indian capitalist is fast changing "To-day the senior Indian businessman travels by car as well as by rail, has his correspondence typed, uses the telephone not only for long distance calls to Indian centers but also to U.K. and other countries. He does not hesitate to travel by air, he probably owns a wireless set and almost invariably makes full use of electrical appliances, such as modern lights, fans and domestic refrigerators. The demand for certain foodstuffs and beverages which until recently were regarded as luxuries is increasing rapidly". (Sir Thomas M. Ainscough – "Conditions and Prospects of U.K. trade in India 1937-38" quoted in Commerce 24th July 1943 p. 103). This picture of the Indian businessman is also the picture of the slow and painful development of Indian industries under the aegis of the Imperialist State.

Feudalism and absolutism and the consequent social imprints on the capitalist are hindering the industrial development of India. In

spite of these obstacles, the capitalist in India is no longer the same as he was before the last war. He is overcoming the obstacles. He is putting up a stiff fight. He has incarnated himself in four big houses at present and in about 30 Managing Agency firms. He is on the road to finance-capital. The composition of capital is making a slow headway from its present organically low position. In the person of Mr. Amritlal Ojha, it hit out boldly at the State. Amritlal said:

“As regards the question of State aid.... I am of opinion that such aid is necessary in various directions. But it is of no use to keep our country on it and blaming the Government for their sins of omission and commission even in such matters which are legitimately expected from them. It is desirable, instead, to make efforts to stand on our own legs and get together and pool our resources for a common purpose. We must make whatever sacrifices are necessary and we have made them so far. Our present development in the matter of textile industry, banking, shipping, insurance and education is an achievement practically without state aid and often in spite of or in opposition to it. All this progress is the result of our painstaking work and sacrifices. We have to make further sacrifices to build up and to maintain our progress”.

Thus, the chief characteristic features of this period are:

First, there is the differentiation of the bourgeoisie into big and small, their struggles among themselves and so we have seen earlier even showing communal and national forms. The collectivism of the earlier capitalism of 1884-1920 became the multi-national capitalism by 1939.

The second feature is that industries have been developing to the fullest limited extent, and have received a further stimulus on account of the war. But at the same time, industries that could not be developed

because of the Imperialist State even in spite of war necessity came out to be the Shipbuilding, the Automobile and the Aviation industries. In short, with the exception of Iron and Steel Industry and Heavy Chemical Industry and some large-scale industries which have withstood the State by themselves, the rest of the heavy industries could not be developed. They are retarded, in their development, by Imperialism.

The third feature is, that during this period, the foundation of what is now known as the people's movement for industrialisation was laid.

4. Developments Since the Outbreak of the War 1939-44

A. Committees, Missions and Corporations

War is a crisis and it helps to benefit industries, wrote Sir. M. Visveswarayya. This is true. But the benefit that industries receive from an Imperialist State are few and limited. The two great world wars have clearly proved this. The present war has brought a new factor, the American cooperation in the war efforts which eased the class struggles between the State and the industrialists in India to its own advantage and to the cause of the United Nations. It at the same time intensified those struggles.

We have the Indian Information which gives details from the point of view of the Government of the various expansions that have taken place in India since 1939. Tyson has recorded a picture of it in his 'Indian Arms for Victory'. The in-coming (General Wavell) and the out-going (Lord Linlithgow) Viceroys have made speeches referring to the expansion of industries in India under the stimulus of war.

But what is more important is to know the findings of various commissions and the reports that have been made and the developments that taken place in India since the out break of the War. The Chatfield

Committee which was appointed before the war, made some damaging remarks concerning the organisation of the army, its personnel and equipment, which have a bearing on the industrial development of India.

“The Chatfield Committee concerned itself almost exclusively with the expansion and modernisation of existing ordnance factories, and the setting up of additional establishments for the manufacture of high explosives” (Tyson –Indian Arms for Victory – p.34) Due to the recommendations of the Committee, expansion occurred by about 25% in the production of these factories. Most of the recommendations, it is said, were carried out in 1941. The Chatfield Committee thus represented the first and most obvious step towards the complete mobilization of India's munitions making capacity”. (Tyson Op. cit p.35). It must be remembered that during the last war it was the amunitions industries that reaped a rich harvest. If the iron and steel industry which has now made rapid strides in development were allowed, without the present control, to have its own course, it would have been the basis for ship-building, automobile and aviation industries. But the Indians, like in the last war, did not reap the benefits directly.

It is assured that after the war is over the present ordnance factories will not be scrapped but used and diverted for peace time industrial development. We will wait and see.

Roger Mission

The British Ministry of Supply Mission, as it was headed by Sir Alexander Roger, was popularly called the “Roger Mission”. This mission was the fruit of the consideration given by the Ministry of Supply, the India Office, the Government of India and the War Office to the question of the most effective steps that could be taken to expand the production in India of munitions and other stores required by the

forces" (Tyson: op.cit p.36). It came to India in 1940 and remained till 1941. It was charged to recommend measures to enable India to meet her own needs for defence, and to equip and supply the forces in the Middle West and East of Suez. Speaking in the Legislative Assembly on 19th March 1941, the Commerce Secretary said that the Roger Mission had done excellent work in surveying the position from the point of view of war necessities. Its recommendations have not been made public. There was a fear that the Roger Mission had the preservation of British post-war export trade in mind when framing its recommendation and publication of the same was not desirable. (Tyson op. cit. 38).

The Far Eastern Group Supply Council

The Far Eastern Conference representing India, Australia, New Zealand, the Union of South Africa, Southern Rhodesia, Burma, Malay, Hong Kong, Ceylon etc., met in Delhi in October 1940. The object of this conference was to make the countries of the Eastern group as far as possible self-supporting for war supply purposes. The Conference did not aim at a general economic discussion but at a settlement of a joint war supply policy for the Eastern Group under which the maximum use could be made of the existing and potential capacity for war supply of each participating country. The creation of the Eastern Group Supply Council was its major decision. This took a formal shape in 1941. (Tyson Op. cit. p-39, 41)

From the beginning the Indian Industrialists viewed it with suspicion. There was not enough publicity which added fuel to the fire. It was feared that, while its ostensible object was to organise joint war activity and to pool the resources of the Far East in accordance with the resources of the countries, in reality it was encouraging new production in which India would be excluded. It was feared that the Council would encourage heavy industries in the Dominions and in the

case of India, they would encourage textiles and raw materials only. The first A.I.M.O. Conference passed a resolution protesting against the exclusion of the representatives of the Commerce and Industry of the country in the Council. The speakers on this resolution gave vent to the above fears. (Proceedings A.I.M.O. 1st Conference, pp. 80-83). But it was explained that the work of the council was complementary and not competitive. In this group, the weakness of India revealed itself in her insufficient supplying of skilled labour and of machines. This has now been remedied to a certain extent.

The Council ("Having fulfilled its objectives") was disbanded in April 1943. (Report on Currency and Finance, Reserve Bank of India, for the year 1942-43, p-11. For further extension of the plans, see "India's part in the fourth year of war" – pp 24-36)

The American Technical Mission

The American Technical Mission, popularly called the Grady Mission visited India in April 1942. It immediately got in touch with the industrialists of India, visited important cities and made recommendations for speeding up the war – production programmes in the country wherever necessary, through supply of essential war materials under the Lease-Lend Act.

The Mission caused much misunderstanding among the industrialists. The Federation of Indian Chamber of Commerce and Industry addressed a letter to the Government of India expressing its fears even before the Mission arrived in India. (communication No. F. 802/608 dated 27th March 1942. Correspondence Vol II – 1943 pp. 204-206). The Government of India, Department of Supply replied to the Federation:

"The object of the American Technical Mission is to develop as fully

and as rapidly as may be possible the industrial resources of India for the prosecution of the war. The mission is not concerned with the general industrial development of India but only with the limited field of war production (Letter No. Ap-42 (26) dated 14th April 42. correspondences Vol II – p. 206). There will be no question of American competition with Indian industrial interests". (Ibid p-207), G.L. Mehta, the then President expressed satisfaction at this letter in a Press communiqué. He said, "it is satisfactory to note that Col. Johnson has unequivocally declared that the American Mission is not here to introduce American capital. It is not here to build factories or to bring in American industrial operations. It is not concerned with the commercial and economic relationships that may exist between India and the United States after the victory has been won". He has further stated that "in a word, the aim was allout war production for waging the war in order that war may be ended sooner. We have also been assured during our discussions that there is no question of any trade or tariff concessions being demanded for U.S.A in India in the post-war period as a price of American collaboration" (26th April 1942 – Correspondence pp. 208-9). In spite of this assurance, many misunderstandings continued. Nehru believed at first that it would set up American interests in India but on the assurance of Col. Johnson he changed his mind.

The recommendations are very valuable. It recommended (1) a high powered control system independent of established government agencies on the American model; (2) the saparation of "production" from "supply" and the establishment of a new department of production; (the division of the then existing supply department into two parts, one dealing with "production and the other with "supply") (3) and the establishment of a war cabinet with a strong secretariat to control war production in all phases and consisting of a member responsible for

production, transportation and communications, defence and finance (Press summary 4th June 1942).

Most of the recommendations revealed the technical deficiencies in the organisation of the industrial structure. It revealed that we lack railway administrators and that our transport system is over-strained. The Mission telegraphed to Washington some 35 specific requests for essential machines, materials and personnel. It revealed that we lacked technicians of the foreman and shop superintendent type. We lack industrial executives. It made a number of technical enquiries as to equipment for the manufacture of chemicals and medical stores. It recommended further investigation into the possibility of producing power alcohol, measures to extend the availability of electric power, the expansion of steel industry, the rationalisation of plants producing munitions, measures to stimulate the production of aluminum and others. It paid tribute to Indian labour. "The Indian is skilful with his hands and given satisfactory working conditions and security of employment is dependable and industrious.

Some industrialists like the Tatas have taken the suggestions of the mission into consideration. Sir Homi Mody resented the suggestion of rationalisation and regimentation, on the ground that they are not applicable in India. The remarks of the Mission concerning the Engineering industry are correct. The Mission said: that historically and actually the engineering industry is a jobbing one. But Tyson's judgment is wrong. He writes: "Foolishly or otherwise rightly or wrongly the engineering industry in India has hitherto been organized on a jobbing basis" (Tyson op. cit pp. 35-36). The Mission recommended measures to unify this industry for production.

In the matter of separation of production from supply, the Government did not carry out the recommendation of Mission.

Mr. Jenkin made a defence of the existing arrangement (Central Assembly – 10th March 42) even before the American Mission made the recommendation. The department is now reorganised into one of industries and civil supplies.

With reference to the other recommendation concerning centralisation and coordination of power, a Committee of the Executive Council has been set up to deal with and coordinate problems of war production, transportation, communications, finance etc., in June 1942. This is known as the War Resources Committee of the Viceroy's Executive Council.

This recommendation report is very important for us. It reveals the glaring defects of our industrial structure. It reveals the apathy of the Government of India which needed an expert Technical Mission from U.S.A It reveals the scope of development there is for Indian industrialists within the Imperialist orbit. Above all, it reveals the ever-growing antagonism between the Government and the industrialists.

That is why a study of these reports is more profitable than that of the idyllic pictures in the Indian Information. The Chatfield Committee revealed the deficiencies in the organisation of the Indian army and the ordnance factories. The Roger Mission revealed the deficiencies in the munition production. The Far Eastern Group Council revealed the insufficiency of Indian skilled labour and absence of machine tools. The American Technical Mission superseded them all and revealed the whole bureaucratic basis of war production in India and its neglect. It incidentally benefited the Indian industrialists as well.

In one aspect, it failed to satisfy the heavy industrialists. In respect of aircraft and ships it recommended repair establishments only rather than construction of Production facilities for new ones.

In the light of the reports of those missions and committees let us see what progress has been made in the industrial development of the country.

The United Kingdom Commercial Corporation

This is termed as a “war baby” and it is said that Lord Simon had a hand in it. It was formed in 1940 for the purpose of organising trade with Balkan countries and the near East. Its capital was entirely subscribed by the British Treasury. The directors are the big magnates. The spread of the war to Central Europe and later to the Balkans naturally restricted the activities of this corporation to these areas. Later its activities spread further east towards Iraq, Saudi Arabia, Iran and India. Gradually it extended its activities to all the countries in the Middle East and U.S.S.R (For a brief history of U.K.C.C. see report of the public accounts committee to the parliament, 23rd June 44).

The Corporation acts through the supply department and sometimes directly through the factories on behalf of the Government. It enjoys a monopoly of trade in certain commodities such as wheat, sugar and essential commodities for war purposes. It gets special concessions in the matter of priorities in regard to shipping space, and in the matter of prices through the supply department.

Ever since the formation of this Corporation, the Indian businessman complained against it. He felt he was ousted by this Corporation. A Bombay Oil and Seeds Firm was told that no export license would be issued, unless it agreed to trade with U.K.C.C. The Corporation has also the monopoly of export of oil and oil seeds. It was also able to export yarn to Syria and other middle Eastern countries, through the supply department. It is said that it was the Muslim Chambers of Commerce which first protested against the discriminatory commercial monopoly of the Corporation. The Government of India assured that there was no intention of discrimination behind the monopoly. They said they were

anxious so supply the goods to Russia through Persia and Middle East as part of war activities.

The U.K.C.C. has also monopoly of transport of sugar. Sugar merchants received the order that no fresh license will be issued for export of sugar to Persia except through U.K.C.C. The federation of Indian Chambers of Commerce and Industry protested against this discrimination. They see in this a growing danger to Indian business. They say, it has obtained concessions at every stage in regard to purchase, freight and shipping. They say that with those the Corporation is bound to dominate the trade between India, Middle East and Russia. In fact it does. They further complain that grant of privileges in favour of the Corporation, penalise Indian firms. They requested that the supply department itself should run an agency system like the U.K.C.C. (see resolution and debate on U.K.C.C. 16th Annual meeting of the Federation of Chambers and Commerce, 28th March 1943 – pp. 105-178).

The Indian businessmen also point out that U.K.C.C. is selling sugar at Ra. 27/- per maund while the price in India is controlled at Rs. 11/- and odd. This is denied. We referred to this question in Part I already. The Government's scheme for the bulk purchase of all our-market exportable tea of India and to grant export facilities to U.K.C.C. was also objected to by the Committee of the Federation of Indian Chambers. They feared that this would be prejudicial to Indian interests. Reviewing the Government's communique on the activities of U.K.C.C. they felt that the privileged position held by U.K.C.C. has been detrimental to normal Indian export trade (12th September 1942).

P.N. Saprú, by means of resolution, raised the question in the Council of State (28th September 1942 Council of State, Debates – Vol II No. 5 Pages 2002-225). He characterised it as a second East India Company and that it was getting mixed with politics. It has been called by

the News Chronicle as "the spear head of British Commercial enterprise in the near East". Rai Bahadur Ramsaran Das supported the resolution. He said that the Government of India by granting monopolistic privileges to U.K.C.C. were undoing 30 years of connections built up by the Indian businessmen in the middle East. Mr. Hussain Imam also supported the motion. He said that; the Government was always on the side of big Indian business, when there was conflict of interests between the big and small Indian business. The Government, however, invariably favoured the big British business as against the big Indian business. As for the Government of India, it is only a subordinate branch of the British Government".

The Government of India accepted the resolution. Sir Alay Lloyd in reply said, "the Corporation was not a profit making body and supplies were organized through it because, left to private trade it would have led to mal-distribution. It is purely a Government show. It was working on expense basis". (The other points have been discussed already in Part I).

The debate served publicity purpose. Each side tried to refute the other. It is feared that, after the war, the valuable contacts made by businessman who manage U.K.C.C. now, will be of immense help to them after the war and that the export trade of Britain will be benefited by it. The Federation of Indian Chambers of Commerce and Industry protested against the attempts made in other parts of the British Empire to set up similar organisations such as Utility Textile Importing Corporation of East Africa and the Colonial Commercial Corporation of Ceylon and that these followed the founding of U.K.C.C. (16th Annual Meeting).

The Indian Chambers of Commerce in East Africa also complained against U.K.C.C. especially against forcing copra to be sold at

Rs. 18/- a ton while it is sold at Rs. 25/- a ton outside by refusing export licenses. This is just the reverse of complaint in India. In Africa it is said that it is forcing the prices down. In India, it is said, it is making profits by having its own quotations, buying cheap and selling dear, in both cases by virtue of its monopoly of export trade.

A question was raised in the Assembly whether the Government would extend present monopolistic rights to the Company after the war. They answered that they cannot promise anything definitely. In reply to the Federation of Chambers of Commerce, the Government issued a communiqué saying that 90% of inter-governmental supplies for Russia was on a non-profitable basis. It said the U.K.C.C.'s share in India's export trade with other countries has been insignificant. It is contended that U.K.C.C. demanded 3/16th penny brokerage per lb. of rubber over world's prices when "Red Army was retreating from Moscow". Is this on a non-profitable basis? asked the Federation. The communiqué answered that the Government is the purchaser and U.K.C.C. is the transporter. It gets profits as a transporter because of monopoly. The question of buyer and transporter was mixed up in U.K.C.C. In purchasing, the supply department is responsible and not U.K.C.C. (See "U.K.C.C. again", Capital 5th August 1943).

We have already discussed this question in part I and in India First in Part II. The conference that is to meet in Bombay is hoped to settle the points of difference. The Indian businessman wants the supply department to run an Indian Corporation. In 1941, the Indian Central Cotton Committee proposed to set up an export organisation. It is now suggested that it should be revived as a counter Indian Corporation against U.K.C.C. (See Commerce 20th May 1944 p.774). The Association of Indian Industries demands the formation of an Indian Corporation. Their other grievances are that they have lost the trade

connections they had built in the middle Eastern regions for over 30 years and that custom and experience now gained by U.K.C.C. is lost to the Indians.

Captain Waterhouse, Parliamentary Secretary to the Board of Trade gave details of the work of U.K.C.C. in the House of Commons. He said that it operates in U.K. A great part of the supplies are sent to Russia. There is no Indian subsidiary, and there are no Indian directors on the Board in London. Naturally it acts in consultation with the Government of India. It is regarded that U.K.C.C. played a great role in facilitating British aid to Russia. (Indian supplies to Russia. See Capital 25th May 1944, p. 307). It also helped Iran in her industrial development. It is also instrumental in fulfilling the war efforts of the Government in return for the monopolistic privilege it received. Today it can no longer be said to be a commercial body. (See Report of the Public Accounts Committee to Parliament) We also heard of U.S. C.C. United States Commercial Corporation.

B. Development: 1939-1944

One way of judging industrial expansion is by considering the extent of export of articles mainly manufactured in India. The total value of exports of articles wholly or mainly manufactured in India increased by Rs. 33,63, 00,000/- from Rs. 47,61,00,000/- in 1938-39 to Rs. 81,24,00.000/- in 1940-41 (Indian Information 1st October 1941 – p. 348.

Textile Industries

An all-round increase in the Textile industries has taken place. Bobbins, shuttles, pickets and billings have been undertaken for the first time. New lines such as mosquito nets, camouflage nets, cellular and water-proof khaki came into production. " A new cloth known as

cotton jute union fabric was manufactured and placed on the market". The manufacture of parachute silk and ligature silk was undertaken for the first time (Lokanathan p-12). All these new lines of production have been due to war time orders. Exports of cotton yarn and manufactures were nearly doubled as against the corresponding period in 1938-39, the increase being over Rs. 9,37,00,000/- (Indian Information Ibid).

The figures of war purchases from India for 1940-41 also speak of expansion of industries. Over 76 crores of rupees worth of articles were purchased in India through two purchasing agencies long of the supply department – the Indian Stores Department and the contracts directorate during the financial year 1940-41. The value of the purchases made by the supply department from the out-break of the war to the end of December 1941 amounted to Rs. 230 crore, classified according to major trade groups. (Reserve Bank of India, Report on Currency and Finance for the year 1941-42, Bombay 1942 p.5, For the enormous profits made by the Textile and Jute Mills in Bombay Chronicle 1st, 2nd, 3rd September 1943).

India may soon be self supporting in high explosives, aero-lubricating oil and sulphur. She has increased appreciably her out-put of drugs and medical stores of all kinds. She has multiplied 20-fold her production of the minor miscellaneous articles which the Defence Forces need. She is also developing her capacity for preserved food stuffs of various kinds.

The Indian industries which have greatly expanded include, leather manufacture, timber and a host of small industries such as hardware, glassware, cutlery, haberdashery, brushware and optical good etc.,

Engineering Workshops

In 1939 there were 600 workshops. In 1943 there are 1500. General Engineering 840, small tools 300, Railway workshops for munition components 368 (Indian Information 15th March 43, p. 202).

Technical Training

The Bevin scheme of training Indian workmen in England for 6 months in batches has proved to be successful. The returned men are training local ones in turn. There are now 300 centres for technical training. 25,000 are at present trained in these centers. These have for their goal to train 48,000 by 1943. (Indian information 1st February 1947, 1-115). This goal has been reached. The latest information we now gather is that over 63,000 men have been trained, since the inception of the scheme three years ago, of whom 52,000 have services and 3000 have more into the ordnance factories. The civil industries have not absorbed these men as they have their own training schemes. The railway and ship-building industries too have their own apprentice schemes. So far (April 1944) 10 batches of trainers have been sent to England. (Journal of Scientific and Industrial Research Vol. II No. 3 April 1944, p. 195-211).

Machine Tools

When the Government realised the difficulties in the way of importing machine tools and the need to have shipping space, they thought of making them in India itself. Prior to war there was practically no production of machine tools. The Machine Tool Control order came into force in March 1940. In March 1942, there were well over 100 licensed firms; in July 1943 well over 177 firms.

Machine Gun belts, Guns, Cartridge belts

Thousands of yards of machine gun belts are now being produced

in India for the first time. Some of the modern high powered guns from India's armory – fire hundreds of rounds a minute. The webbing cartridge belts that feed the guns with ammunition are a work of precision. Each strip is in the firing line for just a split second and each belt carries hundreds of rounds.

Technical Experts

The Grady Mission talked of the shortage of technical and industrial experts in India. Dr. Ambedkar on 22nd September 1942, in the Central Assembly said that the non-development of the mineral resources in the country was due to lack of experts. The Islington Committee nearly thirty years ago suggested a school of geology. Nothing has been done. Now the war has compelled the Government to institute utilisation committee to look after the minerals.

Heavy Chemical Industry

The findings of the Report of the Indian Tariff Board on the heavy chemical Industry 1929 are very valuable. The Report said:

“We wish to say definitely that in our opinion the chemical industry in India can have no future so long as manufacturing is carried on in small units with low production:, (p.30).

“The industrial advancement of India is hampered to a very large degree by smallscale manufacture and the employment of small and uneconomic units of production. This is peculiarly the case with the chemical industry and only measures not involving an undue sacrifice of public resources which will help the establishment of largescale industries cannot but be regarded as steps in the right direction for the attainment of an object in itself of great national importance” (p.99). With these words it recommended protection to the industry.

Since the above was written there has been great development in the industry. The Indian industrialists complain of discrimination in

the matter of chemical industry. The Tata Chemicals Ltd., was set up in 1941, and is at present in competition with Imperial Chemical industries. The war has given a fillip to this industry. Most of the chemicals are now manufactured in India. The Tatas manufacture heavy chemicals, alkalis, fertilisers and other by-products to make possible the economic establishment of new industries in India.

Fertiliser Industry

The development of the heavy chemical industry became possible after the discovery of sulphur deposits. The development of the 'fertiliser industry' is in turn dependent on the chemical industry. The shortage of foodgrains at present is due to lack of adequate fertilisers. The productivity of the soil in India is low. It requires fertilisers like synthetic nitrogen compounds, nitrates and ammonium compounds. About 18,000 tons of ammonium sulphate is produced in the country. The Foodgrains Policy Committee appointed by the Government recommended the immediate establishment of a fertilizer industry. It is reported that certain Bombay industrialists will shortly be floating a private limited company for manufacturing ammonium sulphate. It is hoped the Government, taking advantage of the present crisis in food supply will start the fertiliser industry so needed for our agriculture. This is a development in idea and still in the discussion stage. It is understood (New Delhi 8th June 1944) that a technical mission from the United Kingdom headed by Mr. G.S. Growing of Messrs Imperial Chemical Industries Ltd., will visit India to advise on the production of artificial fertilisers for increasing food supplies. The Mission acting on behalf of the Government of India will report on the economical manufacture of sulphate of ammonia in quantities up to 350,000 tons per annum, the approximate capital cost of the plant, the most suitable site for manufacture of alternative fertiliser-nitrogenous fertiliser. It is already at work.

Drugs

The war has given scope for development of this industry. In 1941, 292 drugs were manufactured in India, in 1943, 300. Of these 28 are produced in sufficient quantities for export.

Scientific Instruments etc.,

Binoculars are now made in India for the first time.

Power and Electricity

There has not been much development in these fields. It is discussed in part II.

The Research Boards and Institutes

We have already referred to the Boards. At present they are engaged in researches of various kinds. The Forest Research Institute at Dehra Dun is also doing some good work. The Association of Indian Industries made a suggestion that these researches be made public.

C. The Nature of these Developments

Most of these developments have been due to war requirements. The Government neglected to develop these things in pre-war times. Nevertheless, the Indian Industries are benefited by these a great deal. The two wars laid further foundations for economic development within a circumscribed orbit. All these developments singled out the heavy industries like Shipping, Aviation and Automobile for non-encouragement.

Why? Because of the Imperialist State, Mr. Guy Locock, a member of the Royal Commission and Director of British Industries said that the British are not disposed to encourage any industry in India during war time, which might later develop into a rival of any British industry. The case of automobile industry was mixed up before U.S.A. joined the

war with Anglo-American rivalry for interests in India. At that time, the Anglo-American rivalry was visible all over the world. Mr. Locock also said that the British have not taken the trouble to pay attention to non-war industries. This view is also shared by Edgar Show. He said:

“Indian industrialists and capitalists here are deeply dissatisfied with the Government policy affecting war production. I have talked to most of the important producers. All of them agree that the out-put could be increased by two to four times with proper co-operation, planning and supply and rationalization of industry. Henry Grady told me the same thing. Without exception Indian industrialists give us the same story of bureaucratic obstructions, lack of planning, inefficiency and frustration of their efforts to build up Indian self - sufficiency. They point out numerous instances where Indian development was blocked chiefly because of British needs after the War” (In – “They speak for India” – Edited by G.N. Acharya, Bombay 1943, p.9).

In 1921-22, the Fiscal Commission reported that there should be no real antagonism between the interests of India and of Britain. It gives reasons for holding such a view.

“We do not however believe that there is any such essential conflict of material interests between the two countries. Increased prosperity in India must mean increased demand for British manufactures.” India for many years to come is likely to concentrate on the simpler forms of manufactured goods and these precisely those in which the United Kingdom has the smallest interest”. (p.172). This accorded well with the industrial situation in those days. But with the development of industries like cement, glass, matches, sugar, paper and others after the winning of fiscal freedom, the demand for simple goods has fallen. The movement towards a heavy industry, the demand for capital goods, expressed in the agitation for shipping, aviation and auto industries showed the

conflict and Grey Locock echoed the rumours of the fears the British industrialists felt. This supports the conclusion that as long as simple industries are concerned there is not so much antagonism. But when it comes to big industries the conflict becomes apparent.

The Indian Industrialists complain against the economic controls which they say are in reality discriminations against them in favour of British and foreign interests. There is a good deal of truth in this complaint. Economic controls are designed to speed up mobilisation of industry for war-activity but not to serve at the same time sectional interests of one or the other.

The controversy relating to U.K.C.C. is a good example. The complaint that the Indians have not been given similar privileges like the U.K.C.C. is a just one. In August 1942 the Committee of the Association of Indian Industries suggested to the Government of India that an "Indian Commercial Corporation" may be set up by the Government of India to carry on the functions of the U.K.C.C. (Seventh Annual Report 1943, p-7).

The controversy relating to the Indian shipping is still raging. The industrialists complain that there is rank discrimination even in the appointment of shipping control officers. Let us recall Walchand's reply to Admiral Fitz Herbert: "India is deliberately prevented from being Naval minded: (30th March 1942)

In the case of the chemical industry, it is said that one firm in India is able to import direct from U.K. any amount of caustic soda in spite of control. They are selling their products much lower than cost price of the Indian manufacturers. It appears that the Government of India is not importing 250 tons from U.S.A under the Lend-Lease arrangement and selling the same at prices lower than the cost price of Indian manufacturers". The Government of India Press Note on the

control of capital supplies is regarded as a ban on new undertakings couched in the phraseology of economic theory (June 21, 1943).

The same is the case of export controls. It is complained by the Federation of Indian Chambers that "in allocating shipping space, British and American exporting firms, some of whom had previously hardly any export to show to their credit, as compared to Indian exporters are more favourably treated". Amery's warning to the British Traders is in vain. He said "there must be no assertion or implication of British domination" (Institute of Export-15th July 1943 London).

But on the other hand, where the control system is required to be effective and applied, it is wanting. The food and price control system is a fiasco. Within a system of private property, with several conflicting interests at stake, control is not only ineffective but acts only in the interests of a few sections. In order to control inflation, the prices have to be controlled. In order to control the prices, the wages have to be controlled. In order to control the wages, the whole production has to be controlled. Within a system of private property, a system of capitalist, feudal and imperialist interests, control is bound to be discriminatory. Dr. Gadgil comes to the main conclusion that a highly centralised state for controlling and planning is necessary on the basis of the fact that economic activity is inter-dependent. (War and Indian economic policy, Dr. D.R. Gadgil and N.V. Sevani – 1943) But we know what the centralised state is. Any directorate set up now will be an imperialist one. Hence its activities cannot but be partisan. The present controls are not only to the interests of a few sections but highly bureaucratic. "half hearted and without a definite policy", (Vakil). A good instance is; the control of the food policy. While the Government of India, Provincial Governments, food hoarders, food smugglers and the public are fighting with one another (a welter of interests, struggles, red tape etc.), the

people of Bengal are dying. (The debate in the Central Legislative Assembly, 10th August 1943, speech of Neogy; Food debate Bengal Assembly July 15, 1943. Speech of Dr. Shyama Prasad).

The question of bureaucracy, inefficiency and corruption came up for discussion in the Assembly. Jammadas Mehta stated that there were four main toll - gates where every contractor has to pay in the department. Mr. Jenkins admitted that corruption did exist (Legislative Assembly Debates – 10th March 1942). The Government have now taken steps to remedy this evil. They have constituted special tribunals for the trial of officers, contractors and others connected with the Governmental War machinery charged with corruption and bribery. (New Delhi – 4th September 1943). The recent drive against black marketers in Bombay (May 1944) is an example of this new offensive. The legislation against hoarding, profiteering and other malpractices is a result of this new offensive.

It is believed that the expanded Council of the Viceroy would take up the case of the industrialists. Sir P.S. Sivaswami Ayyer in his welcome address to the 23rd session of the National Liberal Federation, Madras, 20th December 1941 said: "that the non-official element of the expanded executive council would encourage the Indian industrialists. In the case of the automobile industry, it has been proved that the expanded Council could not do anything (Ramaswami Mudaliar's Letters to Sir. M. Visveswarayya).

The lesson is clear. The imperialist State would allow development to the extent of its own needs and of safeguards. The exigencies of the wars also did not move the State from its position except for some concessions. But this is not to deny that no development has taken place. It is hoped that after the war, nothing will be scrapped and the existing creations of the Government will be used for peace time development. It is clear that the full benefits of British rule in India, can

only be reaped by India, as Marx said long ago, when Britain is thrown out of India.

D. The Transformation of the Economy of India by these Developments.

The last war transformed the economy of India and brought into organised existence a class which continued to demand fiscal freedom. This changed the industrial physiognomy of India and brought in its turn a differentiation of that class into several sections according to the degree of capital they have, and the national and communal forms to which they belong. This war has changed the industrial face still further and intensified the already existing differentiation. It at the same time differentiated the industries quite clearly that the Government would not encourage, namely, the ship-building, aviation, automobile and other heavy and key industries.

The out-going Viceroy Lord Linlithgow in his speech laid stress on four main points.

1. There has been industrial expansion.
2. Technical skill has increased.
3. India became a creditor country from a debtor country, change as the Viceroy said "of the deepest significance" (G.C.N. Vakil – Financial Burden of War on India p-129).
4. Permanent progress lies in maintaining the balance between town and country. The Viceroy referred to the attempts made to develop village industries due to war needs.

No one would dispute these gains. All these gains are limited. It is yet to be seen how the sterling balances to which the Viceroy referred would be used in India's favour after the war. These no doubt speak a great deal in favour of India's expanded industrialisation. An article in

the 'Far Eastern Survey' (May 1943) put the case milder than Marx. It says that the future peace of Indian industrialisation depends on the measure of political independence achieved by India. These benefits can only be reaped in full when India is free.

Conclusion

We sketched the economic and social basis of the movement or industrialisation from the time of the industrial revolution down to the present day; its later differentiation into several sections, their struggles amongst themselves and against the State.

We sketched also the economic and social basis of the erroneous theories behind that movement. We sketched also the economic basis of the movement of return to agriculture. This does not mean that we are against industrialisation and improvement in the village.

To recognise the defects of these movements within a system of private property in an imperialist setting is a necessary prelude for action. It is on the basis of such analysis that a solution can be made.

We are for industrialisation. We mean by this that we demand conditions for the free development of capitalism. This means a struggle against feudalism and imperialism. Therefore, a demand for industrialisation means today nothing else than a political demand for freedom from Imperialism and its allies in India. When freedom is won, we believe that as long as there is scope for development within the framework of a freed capitalist system, the working class, the kisans, the students, the middle classes support the regime because they can develop to a certain extent. When the productive system becomes a fetter to further development, the working class and its allies can take the matter into their hands according to their degree of consciousness, organisation and influence over the masses. A bourgeois democratic

revolution is still a path necessary for the development of social forces.

The evils of the capitalist system will be remedied to the degree that the opposing forces feel them. The international regulation of labour etc., will be applied. After a bourgeois democratic revolution the scope for social development is immense because there will no longer be imperialism, ending of feudalism is dependent on the extent to which agricultural revolution takes place side by side in the bourgeois democratic revolution, i.e. the extent to which the capitalists in India are able to break with feudalism. The problem relating to agriculture is dependent upon this major issue.

We put forward this demand for industrialisation in the concrete setting. We do not couch it in any erroneous theories. We recognise the scope for development of productive force after bourgeois democratic revolution until Indian capital definitely becomes monopolistic. When the evils begin the programme is different.

The productive forces cannot develop unless the feudal relations in the country are also abolished. That depends on the nature of the bourgeois democratic revolution.

The Indian capitalist must not be afraid of the bourgeois democratic revolution. Bourgeois democratic revolution does not abolish capitalism. It would abolish only that which hindered the development of capitalism. (Lenin Select Works. Vol. II P-520 also P.19-21) What is it that hinders capitalism? to-day Feudalism and Imperialism.

What then is the plan today? To demand freedom and the abolition of feudal survivals in our midst. This is the concrete meaning of industrialisation today.

SECOND WORLD WAR AND INDUSTRIALISATION OF INDIA

PART – II

1. INTRODUCTION

Secretaries of State for India, Viceroys and Movement for Industrialisation:

A. Amery

It is Amery who gave currency to the word 'India First'. In a speech as guest at a luncheon of the English Speaking Union, he said (London 21st November 40). "My appeal would be to them to the great Indian Universities as well as to the responsible and ***thoughtful men in the practical and business*** world of India to get together for a study of the ***infinitely difficult, yet infinitely hopeful problem which is India...***". Again at the Foyle luncheon Club on 12th December 1940, he spoke of the need for 'patient study and frank discussion' of the Indian problems. (L.S. Amery "India and Freedom" 1942. P. 39). In India itself Sir Maurice Gwyer, in one of his convocation addresses to the students, advised them to study India. It is significant that such pronouncements should be made in a period of political deadlock. It is also significant that these advices should come in a period of out-cry against "India Limiteds". In their interview with Gandhi at Segaon in 1938, three representatives of the Seindia Steam Navigation Company brought this question of 'India Limited' for discussion. They complained that it has become a fashion nowadays to bamboozle the unwary public by adding " (India) Limited" to full blooded British concerns. They instanced "Lever Brothers (India) Ltd.," and the Imperial Chemicals (India) Limited'. (Harijan 26th March

1938). The Congress Working Committee viewed 'with grave concern the rapid increase in the number of companies owned and managed by foreign nations and describing themselves with designations such as "India Ltd." or similar words in the hope, or with the object, of being regarded as genuine Indian concerns" (appeared in Harijan— 9th April 1938). Walchand Hirachand has spoken of the menace of 'India Limited' that has been causing the commercial community much anxiety and concern (Speech. 21st June 1941 Vizagapatam. P.111 in "Gandhigram" a book published by the Scindia House) Dr. L.C. Jariwala at the first session of the All India Manufacturers Conference, Bombay, referred to "India Ltd." which of late has made such rapid and alarming encroachment upon our industrial life" (proceedings of the First Session P. 48).

What the Indian businessmen do not bring out is, that these are also days of 'British Limited'. It is equally the fashion of the day to bamboozle the unwary public by adding " (British) Limited" to full blooded Indian concerns. The ethics of businessmen, brown, white or yellow is the same. Was not Japanese Khaddar sold as genuine Indian product?

It is not an accident that in this game of 'Limiteds', 'study India first' should emerge. It is ironical that it came from a Secretary of State for India. India has no genuine love for her Secretaries of State. It was Beasant, in the early days of the Home Rule agitation for India, that coined the word "abysmal ignorance of the Secretaries of States for India". The only exception is Montagu, whose historical merits are yet to be discovered by the Indian public. For the rest, they know nothing of India. They depend on the notes of the laborious civil servants. Their source-books are Mill's History of India or the dispatches of the man on the spot. This is in keeping with the anomalous position of the Secretary of State for India and his India Office. It was Montagu who declared that the whole system of the India Office was designed to

prevent control by the House of Commons for fear that there might be too advanced a Secretary of State. (Cambridge History of India. Vol. VI. 1858 – 1918 P. 221) Montagu himself was a victim. His suggestions for reorganisation of the office were never carried out and he had to resign on the Mesopotamian question. Neither the eloquence of Birkenhead, nor the sedate philosophy of Morey could draw men to the House of Commons when India is discussed. In “that padded room of the ministry” – the India Office – Sir Melcolm C.C. sat on (“The India Office” London 1926, P.72) far reaching decisions are taken that concern the destinies of the Indian Empire, part in ignorance, part in knowledge and part in party spirit.

We take Amery’s advice seriously. We begin our study with Amery first. Mr. Leopold Charles Maurice Stennett Amery – that is his name. In his early days he has some fights to his credit in the House of Commons. ‘One day Amery made reference to Buchanan’s speech as “sob-stuff” ,. Buchanan called him “a swine and gutter snipe”. where upon Amery hit him. Further retaliation was averted by the friends there.’ (Augustine Birrell “Obiter Dicts”.) That was young Amery. Recently Amery was reported to have said (February 1941 quoted by Sir M. Visveswarayya. See proceedings of first conference A.I.M.O. P.16) that India was now one of the greatest industrial countries of the world”. Of late we are hearing of India first in other spheres. At one time, it is denied that India had any natural or mineral resources. This statement is now becoming less progressively true and in fact it is superseded by the statement that she is first in this or that. According to Prof. P.A. Wadia’s table, “India has world control in Mica, monazite and litanium (ilmenite)”; a large excess of Chromite, Kyanite and sillimanite and manganese are; an excess of beryllum ore, columbite – tantalite, gold and magnesite; and sufficiency of barium bauxite, coal, felspar, fuller’s earth and bentonite, graphite, gypsum, iron ore, sale, tale and lingsten; At least four minerals

now mined in India – mica, manganese ore, ilmenite and monazite – are of great importance to the world's industries" (J.A. Dunn 'Indian mining' 1943 P. 235) Lewis Pirm on 'India's mineral resources' Nature June 19th 1943 P. 689, 690. See also D.N. Wadia "Geological Origins of India" Nature December 19th 1942 P. 725; "Mineral resources of India" Nature 15th May 1942 P. 548) 'India's iron ore deposits are amongst the world's largest' 'India is the foremost producer of block mica in the world' "India is second only to Russia in the out put of manganese ore; she leads the world in the production of ilmenite, from which titanacim is extracted. Her talc deposits are amongst the world's largest" (Wall Street Journal, Washington. 11th May 1944). We can multiply, these instances. Prof. Dunn in his exhaustive study of Indian mining comes to the conclusion. "It cannot be said that India is either rich or poor in minerals. Some of her minerals are important to the world's industry in general, but, **for the size of the country**, her mineral resources are about the average....." (Dunn C.P. at P.2). As we have already pointed out in part I, India is being discovered according **to needs**, thanks to the work of the Geological Department since the last ninety years.

The same is the case with the industrial development of India. According to the scheme adopted by the League of Nations, from the standpoint of total aggregate production, India ranks as the eighth biggest industrial country in the world. But the industrial development of India is not commensurate with the size of the country, its population and its natural resources. This is the view of the Industrial and Fiscal Commission. (See T.M. Ainseough "Report on the conditions and prospects of British Trade in India. 1921-22, P. 25) Sir M. Visveswarayya comes to the same conclusion. Amery's statement may be true in the aggregate on account of the size of the country – but considered **on per capita basis**, the industrial production is "miserably low". (Proceedings of 1st Conference of A.I.M.O. p. 16).

In his speech on the famine in Bengal, Amery is reported to have said that ***the famine in India is an act of God***. This is in line with the theologians who attribute every economic crisis to divine wrath. Economists are no better than theologians. Norman Lockyer, following Jevons has written a dissertation on the famines in India and their connection with the cycle of sun spots and their effect on monsoons and in turn their effect on famines. (Appendix No. 1. Famine Commission of 1881).

Amery has his moods. At times he descends to the material plane from the theological one. In the debate on "Food Policy in India" in the House of Commons, he characterised it as the result of 'clashes of provincial and national interests and local failures of administration'. This is indeed a correct analysis. In one of his liberal moods at London, Amery is reported to have said that there shall be no assertion of British domination in matters of Indian economy. (16th July 43 London. Hindustan Times 17th July 43). He said: "To develop her own industries to the fullest possible extent both for their own sake and in order to raise the standard of living of her own agricultural population, is the natural and proper ambition of all patriotic Indians". The Indian businessman points out that in his daily struggles with Simla and Delhi, he encounters such domination. 'India first' is countered by 'India Limited'. Who is to study India first?

This absence of study is not confined to the Secretaries of State for India alone. In 1912, discussing industrial evolution in India, Sir Alfred Chatterton wrote "Indian economics have hitherto been studied ***in extremely superficial way and generally in the interests of some particular section of the community***". (Sir Alfred Chatterton "Industrial Evolution in India" 1912. P. 83) The first part of the statement is not quite correct. An exception has to be made in the case of the elder economists. They were certainly not superficial. They ***were***

economists of the hour. Their interests coincided with the interests of the industrialists who took a definite line of thought in economics for protection. They were certainly not theoretical free traders and India's economy can hardly give shelter to such ones. Chatterton spoke of the need for a school of economics on the London model (OP. Cit., P. 93). The Sydenham College of Commerce and Economics in Bombay was the fruit of such needs. It came into existence in 1913. At this time, Chatterton was right in saying that "anything like a masterly analysis of the facts and a complete exposition of the situation has never been attempted" (OP. Cit., P. 94). With the winning of limited fiscal freedom, the social incentives which gave rise to the elder economists, who were also the chief pioneers in the work of criticism, (V.G. Kale "An Introduction to the Study of Indian Economics" 7th Edition Vol. 1 Poona 1930, P.11). disappeared. The economic theorising of the period between 1926 and 1938 was reflected in the stabilisation of the rupee exchange and since 1938 in the demand for industrialisation and planning. Rural economics since 1921, formed part of Gandhi creed. Outside Gandhian credo, somewhat in the wake of Quesnay and Bois Gullebert, is the Indian Society of Agricultural Economics which is barely four years old. Added to this is the want of survey and statistics. In 1925, the Indian Economic Enquiry Committee came to the conclusion that "the existing statistical material is not sufficient to enable an estimate to be formed regarding the economic condition of the various classes of the people or of any administrative unit or units" (Report Vol. I, P. 34). To remedy this, both Sir M. Visveswarayya and Sir Arthur Salter recommended an economic advisory organization in India. (Sir Arthur Selter" A scheme for an economic Advisory Organisation in India" 1931). The creation of the present Economic Advisory Council with Dr.T.E. Gregory as its head is the outcome of their recommendations and hastened no doubt by war needs.

B. MORLEY

We now return to other Secretaries of State for India. We are discussing these men as "Secretaries of State for India" and not in their other capacities. We will take Morley. He is a baffling study even to his own friends. We can find no better friend of Morley than Lord Haldane. His picture of Morley is not different from those of Morley's political opponents. Morley is a first class man. He was a great writer, a charming conversationalist. In politics he was a Liberal. At the India Office, he proved himself to be a failure. At one time he was suggested for the post of Prime Minister. Both Haldane and Birkenhead believed that he was not the sort of man for politics. He was too timid and shy. He would shrink, as Lord Haldane tells us, before a strong man. He disliked Kitchener and yet he dared not speak before him. He himself tells us, and Lord Haldane records, that he is constitutionally incapable of fighting against sovereigns. Imagine a great philosopher and writer author like Diderot, Rousseau and Voltaire, to be cowed and bullied at every turn at the India Office by a "Scotch Country Squire", 'the man who only jumps hedges' Lord Minto. Morley was firm on very few things with Minto. The uncanny Scot always got the better of Morley (For character sketch of Morley, see Lord Haldane 'Autobiography' P. 96 See also Sir Frederick Maurice 'Haldane 1856–1915' Vol. 1 PP. 165-168). These foibles of Morely, together with his lack of knowledge of India reacted unfavourably on India. It was he who approved of **the principle of communal representation** in India. It was he who turned down the limited proposals of the Madras Government made by Sir Alfred Chatterton in the direction of industrialising the province. It is said that he negative these proposals for establishing the pioneering industries in the **interests of the European Commercial Classes**. (Vera Anstey "Economic Development of India" 3rd Edition 1936, P. 211). The Industrial Conference, which met at Ootacamund in 1908 protested against this.

C. MONTAGU

We turn to Montagu, he was indeed the best Secretary of State for India. He was not a first class man, in any sense, as Morley and Birkenhead were. He had great imagination, warm sympathy for the people of India and some knowledge of India. Both Morley and Birkenhead had no love for the Indians. Morley decidedly disliked the orientals. He liked the Moslems. That is as far as he could go. Montagu had real genuine interest in India. His attempts at reorganising the India Office, his report on the Indian Constitutional reforms, his debate on the Mesopotamian muddle speaks of his genuine interest in India. His report on Indian Constitutional Reforms 1918, is truly an essay in "philosophic liberalism". (R. Coupland "The Indian Problem 1833 – 1935: The first part of a report on the constitutional problem in India submitted to the Warden and Fellows of Nuffield College Oxford. 1943. P. 54). This report must be studied along with his "Diary" which contains many interesting pictures of Indian Government, politicians, trade and industry.

The Report on Constitutional Reforms contains his observations on trade, industry and tariff policy. As these problems are dependent on constitutional ones, he made reference to them. He displayed the same liberalism towards industries as he displayed towards politics. Unfortunately the Congress formula of characterising his reforms as "disappointing, inadequate and unsatisfactory" precluded the Indian politician from seeing Montagu in a *historical prospective*. He advocated a forward policy in industrial development. He was able to do so because he correctly grasped the significance of the industrial and political movement in India. He regarded *correctly* the Industrial conference of 1905, as *the bye-product of the Congress*. He saw in it the linking of industry and politics. He saw also well-known Britishers attending these joint conferences. He grasped the significance of the Swadeshi movement of 1907-1909, the product of the alliance of

industry and politics. In the early failures of the Swadeshi movement and banking, he discovered one of the reasons for the Indian industrialists **looking up to the state** for help. "On all grounds", says the Report "a forward policy in industrial development urgently called for, not merely to give India economic stability, but in order to satisfy the aspirations of her people who desire to see her stand before the world as well poised up to date country;

In order to provide an outlet for the energies of her young men who are otherwise drawn exclusively to Government service or a few overstocked professions;

In order that money now lying unproductive may be applied to the benefit of the whole community;

and in order that the too speculative and literary tendencies of Indian thought may be bent to more practical ends and the people may be better qualified to shoulder the new responsibilities which the new constitution will lay upon them....". He believed that an industrialised India would bring immeasurable access of strength to the power of the Empire. In his judgment of India in relation to the Empire, we find in him an echo of Warren Hastings, Lawrence, Maleolm and Curzon. He recognised the military importance of the economic development of India. On economic, military and imperial grounds, he recommended a forward policy of industrialisation. "We can see no reason for hesitating to move forward boldly in a matter in respect of which considerations of **military security**, political **expediency** and **economic advantage** are coincident **and are in agreement also with the interests of the Empire as a whole**". (Report on the Indian Constitutional Reforms, Calcutta 1918. P. 211, 212, 212-213, 215). This point of the military importance of the economic development of India is echoed by all Commissions since the present war. In his speech at Manchestar,

19th November 1941, Amery said "In a very real sense India is today the main arsenal of the eastern theatre of war".

D. BIRKENHEAD Secretary of State for India 1924-28

We now turn to Birkenhead, another first class man at the India Office. He came to the India Office by accident. After the debacles of the coalition in 1921, struggles within the various political parties in Britain threw out Lloyd George, Austin Chamberlain and Birkenhead. Some post had to be found in the National Government of 1924 and he was given this one. A distinguished Lord Chancellor, a man of letters, an accomplished politician and a man of action – such is Lord Birkenhead. But at the India Office, as first class men often were, he is a failure. But he is unlike Morley. He is aggressive. He dictated **policy** to Lord Irwin. His letters show what the Viceroy should do and should not. Morley, like the "meek Master Edwards" the English representative at Surat, in the days of the East India Company, received dictations from Minto, the Viceroy. In every way Birkenhead is unlike Morley. In the days of the Ulster Rebellion, he was known as the "galloper Smith". In politics he would not hesitate to play treason even against his Majesty. With Carson and others he urged the Ulstermen to rebel. In his memoir, writes Lloyd George; "The paradox of the situation was that Ulster's rebellion was acclaimed by a powerful section of British opinion as **loyalty**, while Southern Ireland's preparations to defend the decision of the Imperial Parliament were denounced as **seditions**" (David Lloyd George "War memoirs" London 1933 Vol. II P. 695). A sedition monger at the India Office, such is imperial politics.

He has no interest in Indian affairs. His letters breathe intrigue and manoeuvre. The Simon Commission is to be announced not for making a report on Indian Constitutional Reforms but to make Jinnah "high and dry" or to make the "Hindu politicians" apprehensive at the early overtures to another political party.

E. CURZON. *Viceroy of India 1899 – 1905*

We now turn to the Viceroys. We single out Curzon (1899-1905). He was not only the greatest of Indian Viceroys, but no Secretary of State for India, nor any Viceroy rivaled him in his knowledge of India. His period of viceroyalty is full of the grim struggles he has put up for the good of India. A modernised administration of the century in India begins with Curzon. From the very beginning like Warren Hastings, he has shown a solicitude for the Indian peasantry. He has seen the evil of agricultural indebtedness which he characterised as ***“canker eating into the vitals of the national life”***.

In October 1900, the Punjab Land Alienation Act was passed. He regarded it as the ***“first serious step in a movement which was designed to free the cultivating classes”*** – the backbone and sinew of our strength” – from the incubus which was slowly but surely wearing them down” (Earl of Ronaldshay ‘The Life of Lord Curzon’ London 1928. 3 Volumes, Vol. II P. 292-293). He has introduced many agricultural reforms. “He created an Imperial Agricultural Department and appointed an Inspector General: He founded the now famous Agricultural Institute at Pusa and endowed it with an expert staff for agricultural education and research. He urged the establishment of similar research stations with experimental farms in every Indian Province. He instituted agricultural schools and colleges and expanded and improved the pay of the agricultural service. He did much for the improvement of cotton cultivation and for the encouragement of cattle breeding on better lines. During his term of office, he was responsible for remissions of land revenue to meet distress amounting in all to Rs. 35,00,000 or approximately \$. 2,333,000 (Ronaldshay, Curzon Vol. II P. 294).

He was also interested in the development of Indian Industries. The idea of industrialising India, ***as a conscious purposive policy***

dates from the famine commission of 1880. The commissioners record “We have expressed our opinion that at the root of much of the poverty of the people of India and of the risks to which they are exposed in seasons of scarcity, lies the unfortunate circumstances that agriculture forms almost the sole occupation of the mass of population and that no remedy for present evils can be complete which does not include the introduction of a diversity of occupations, through which the surplus population may be drawn from agricultural pursuits and led to find the means of subsistence in **manufactures** or some such employment. So far as we are able to form an opinion on a question so difficult of solution, the desired result can only follow upon an increased desire **to apply capital to industrial pursuits in India**” (Report of the Indian Famine Commission Part II Measures of protection and prevention. Lond 1880. P. 175). Years later Ranade echoed the same ideas (See Essays P. 130). He was the founder of the Industrial Association of Western India. Its object was industrial development (“The present state of Indian manufactures and outlook of the same” read at the Industrial conference Poona 1893 in “Essays on Indian Economics – A collection of Essays and Speeches – Second Edition Madras 1906 P. 107). The members of the Industrial Association were, as he himself tells us, merchants, manufacturers, traders and representatives of different provinces (Essays P. 169).

By the time that Curzon came to India, the merchants were organising themselves into chambers. In a speech given at the Banquet of Bengal Chamber of Commerce, Calcutta 12th February 1903, he said “Chambers of Commerce are very much to the fore now a days” (Lord Curzon in India, being a selection from his speeches as Viceroy and Governor General of India 1898 – 1905 in 2 Vols. London 1906. Vol. 1. P. 290). In those days, writes Sullivan, these organisations were called “**an irresponsible body of mercantile atoms**”. That is how “a

high Government official once dubbed a chamber". (R.J.F. Sullivan "One hundred years of Bombay: History of the Bombay Chamber of Commerce. 1836 – 1936. P. 130). The Indian mercantile atoms, of half a century ago, are now constituted into a Federation of Indian Chambers of Commerce and Industry. (1926) The English educated intelligentsia was at one time called by Dufferin in "the microscopic minority". Today it is recognised as the most articulate expression of the whole of India in the Indian National Congress.

Like the Famine Commissioners and Ranade, Lord Curzon recognised that it is necessary for India to 'extend its non – agricultural sources of income ***instead of depending entirely upon a single precarious industry***'. "It is for this reason that I welcome", he says "***the investment of capital*** and the employment of labour ***upon*** railways and canals, in factories, workshops and mills, in coal mines and metalliferous mines, on the tea, sugar and indigo plantations" (Lord Curzon in India 1898 – 1903 by H.Caldwell Lopsett. London 1903 P. 96). He deprecated the hoarded wealth in his day, which he estimated to be **825** crores of rupees. (Ibid P. 305). He advised Indian Capital to come forward (Ibid P. 307).

Lord Curzon was responsible for the creation of the new Department of Commerce and Industry, in 1905. This grew out of an original scheme of a Commercial Bureau (Ibid P. 305) "Two Bombay men were selected for service in this Department, one of them being F. Noel Paton, secretary of the Chamber (Bombay Chamber of Commerce) who was appointed Director General of Commercial Intelligence. The first conference of Chambers of Commerce in India and Ceylong was held in Calcutta in January 1905 and brought business men from all over India into touch with each other". (Sullivan 'One hundred years of Bombay' P. 129).

He was also responsible for the creation of a new Railway Board of experts to manage the Railways the board being outside of, though subordinate to, the Government of India. (Ronaldshay Curzon. Vol. II page 301). The Chambers of Commerce in India gave expression to their appreciations when Curzon left India (Sir Thomas Raleigh Introduction to Curzon in India op. cit. Vol. I P. XXX).

It was Lord Curzon who was responsible for the creation of the supply department in 1905, whose head was to be a member of the Viceroy's council. In creating this, Lord Curzon separated it from the old Military department in the interests of efficiency. In 1908, Lord Morley proposed its abolition. It was revived again some time later. The matter of creating a separate Production department from the Supply one came up for discussion in the Central Assembly on 011th March 1942, again in the interests of efficiency. But it was turned down by the Government. The American Technical Mission recommended the separation of "Production" from "Supply" and the establishment of a new department for the former. The result is the reorganisation of 'the Department of Industries and Civil Supplies'. While Lord Curzon insisted on the creation of a separate supply department and the present circumstances demanded the creation of a separate production department, the principle is the same. It looks as though it is a triumph of Curzon ideas.

It is strange that for all his good work, he was unpopular in India with the political classes. While Gokhale admired him, Chintamani disliked him. In one of his convocation addresses to the students, Curzon advised them to criticise the Government, as it was meant for that. This may be discomfoting to the Maxwells of his day but he never hesitated to say so. To him the Government of India is everything. It is an imperial concern. He was truly imperial, imperial in stature, imperial in policy and imperial in writing. He ruled ruthlessly like Peter the Great.

Leaving India, he said: "Let India be my judge". "Lord Morley said of him that England had never sent to India a viceroy his superior if, indeed, his equal in forms of mind, in unsparing remorseless industry, in passionate and devoted interest in all that concerned the well being of India" (February 23rd, 1909 quoted in Ronaldshay Curzon Vol. II P. 417).

This period from 1880 to 1918 is a period which has known two great industrial revolutions, in India. The one begins with the Plantation and the Textile Industries following the development of modern railways. The other begins with the first decade of the century, accelerated by the First World War of 1914-18. We have briefly sketched the history of the revolutions in the first part on the industrial development of India.

Coming back to India First, the question of the study of India is increasingly felt by Indians themselves. It is expressed in the desire of the industrialists to have their own surveys. It is expressed in the Bombay memorandum on the economic development of India, drawn by the industrialists themselves. It is expressed in vague utopian schemes of planning and reconstruction. Sir M. Visveswarayya has voiced this feeling correctly when he said that we have to study and conduct research with a view to practical results. At the third quarterly meeting of the Central Committee of the All India Manufacturers' Organisation, 11th January 1942, he said

"The public welcome research, but ***without any active policy of industrial development associated with it, mere research looks like diagnosing the disease without any intention of applying a remedy to the fact***"

Our elder economists are distinguished for the mastery of our economic problems. Gokhale distinguished himself at the Welby Commission. Sir Thomas Munn, in his work "England's Treasure by Foreign Trade", written three centuries ago, spoke of '**merchant**

– ***scholars***'. In those days it is inconceivable that a merchant should not know the business he is engaged in. In modern times it is equally inconceivable and is even more obligatory that a merchant should know about his business in all its multifarious aspects. The Indian Mercantile Committee has put searching questions to Prof. K.T. Shah and Walchand Hirachand. The minutes of evidence record Sir John Biles and Froom asking them for data for their statements (Minutes of evidence recorded by the Indian Mercantile Marine Committee 1924. P. 155, 221-224). The need for accurate data in the presentation of the case is more necessary when conflicting interests are at work. This matter has come up for discussion in the case of U.K.C.C. The commercial bodies and the Government have been at war concerning the activities of U.K.C.C. The Federation of Indian Chambers of Commerce and Industry has asked its member bodies to cite concrete cases of discrimination pursued against Indian commerce by U.K.C.C. which the Government deny. It is satisfactory to note that the Government and the Commercial bodies are going to meet in Bombay on 25th May 1944 to discuss the activities of U.K.C.C.

This once again brings the question of India first. No amount of agitation or propaganda could displace facts in the long run. Economics is a science and the study of facts is an imperative need in a world of conflicting interests.

II. WAR AND INDUSTRIALISATION

A. Landmarks in the Industrial Development of India

The period of the Industrial Revolutions or otherwise known as the movement of industrialisation is also the period of the development of Indian Capital. A measure of the development of Indian Capital can be seen between 1889-1905 and 1914-18; the period of the viceroyalties of Curzon and Chelmsford. In what stage were the industries at this period? Right up to 1905, we have noted that capital in India was notoriously shy, that hoarded wealth was astronomical and industries sickly and pale. Professor V.G. Kale wrote; "Old industries are still in the domestic stage. We are strangers to capitalism. Indian manufacturers are in the embryo, or sickly infants" (quoted in Chatterton op. cit Page 51). With the second Industrial Revolution, which began with the first world war, things have changed for the better. Capital is becoming less shy. Hoarded wealth is decreasing. Industries have taken a new turn with the foundation of the Iron and Steel industry by the Tata.

The Indian Industrial Commission which was investigating into this subject at this time 1916-18 drew attention to the question of capital. ***The process of industrialisation is, on*** one hand, the process of accumulation of capital. (See Dr. T.E. Gregory in "Eastern Industrialisation and its effect on the West with reference to Great Britain and Japan" by G.E. Hubbard assisted by Denzie Baring with a conclusion by T.E. Gregory. London 1935. P. 365). On the other hand, it is ***also the process of the judgment of the owner of the capital*** and in

a colonial country, **a demand for conditions for the free development of capital.**

Such demands are expressed in **State Help, Protection of young industries, Bounties and subsidies.** This is the driving force of the **nationalist movements** in general. The economic theoreticians of the Indian mercantile classes are Mill (his famous arguments concerning protection of young industries). List and Bastable. Pandit Madan Mohan Malaviya quotes Bastable in his defence of Protection (Dissenting note – External Capital Committee Report 1925 page 18.) Ranade being the protectionist – economist, was more familiar with List and other **mercantile literature** than any one in India of his day.

Capital for industrial purposes, at the time of the Industrial Commission, was largely drawn from “**Surplus profits** in Calcutta and Bombay, from **bazaars in the districts** and from professional men”. (Indian Industrial Commission 1916-18. Vol. 1, Minutes of evidence. Delhi, United Provinces and Bihar and Orissa. The Honorable Mr. James Currie p.1). There are three elements involved in this conception of capital. The first element is **industrial** capital which consists of surplus profits. The second is **mercantile, usurious capital**, coming largely from the bazaar. The third element consists of **genuine savings**. We see in this, the flourishing of industrial and mercantile capital side by side. We have no **related historical statistics** which indicate the proportions into which these elements are divided. The growth of joint stock and Insurance Companies serve as a measure of index to the growth of capital but they do not indicate the proportions of the various elements of capital, especially as we have noted in the first part that the Indian capitalist has not yet shed his mercantile shells. While there is quantitative increase in the accumulation of capital, which is expressed in the foundation of heavy industry like the Iron and Steel industry in India, it is still weak. It can be gathered both **subjectively**

and **objectively** from **the failure of the Swadeshi attempts** at building industries, **banking** and **insurance failures**. It is this, in fact, together with inexperience in new commercial and industrial ventures that led the industrialists to look up to the state for help.

Such is the nature of capital at this period. It has also taken another turn-increasing friction with owners of capital belonging to a different race, in India identified with the ruling class. Reviewing the conditions and prospects of British trade in India in 1921-22, Ainscough writes:-

“it must be admitted that very strong racial sentiments have been expressed by Indian Chambers of Commerce and public bodies and that relations between the two business communities have been somewhat strained. A prominent British member of the Fiscal Commission and of the Assembly, who is also one of the leading businessmen in western India recently referred to the Indian evidence before the Commission in the following terms.—

“One feature of the evidence taken has pained me very much and that is the wide-spread feelings of ill-will that exist towards British merchants, British industrialists and British Officials”. Political and racial feeling is bound to weaken our commercial and industrial position in India, if it is allowed to grow unchecked” (Page 27 -28).

There are other features of industrial development during the period. Firstly, in the distrust and suspicion among industrialists themselves. Secondly, there is lack of daring among the entrepreneur. This is mostly due to the managing-agency system which has stifled ‘initiative’. The system is also notorious for lack of industrial experts and leaders. Among the directors even to this day, there are very few who own technical qualifications. Thirdly, the feeble Banking system is also responsible for the backward development of the industries. In addition to these external limitations, there are the technical internal limitations which the Industrial Commission has analysed in Chapter four of its

Report. These deficiencies are of various kind. Many industries like the Iron and Steel Industry and the Textile Industry were dependent on imported plants, appliances and spares. The imports of these machinery were in turn due to the absence of a complete system of engineering industries based on the large scale manufacture of iron and steel. This absence is felt even today. We have already referred to the remarks of the American technical mission on this point in the first part. The neglect of applied science was another basic deficiency because "Profits in other ways have been easy and assured". This led to the corresponding dependence of India on imported technologists and engineers. An absence of a heavy chemical industry was another not able feature. The commission includes in its list of deficiencies all kinds of **machine tools, steam engines, boilers, oil and gas engines, hydraulic presses and heavy cranes** (Industrial Commission Report P. 35) The war of 1914-19, actually revealed these deficiencies. Electrical plant and equipment was another deficiency. Even in respect of capital India depended largely on outside assistance. (B.A.G.Clow. "The State and Industry – A narrative of Indian Government policy in relation to Industry under the reformed constitution 1928 P.8).

Under these circumstances, what is the effect of war upon industrialisation? During the last war of 1914-18, many new industries of a simple nature came no doubt into existence. The ranks of the industrialists and the mercantile classes have also swelled. Tanning and leather industries, iron and steel industry, munitions industries, textile industries also developed a great deal. To the extent of the development of these industries, the weaknesses or deficiencies noted above, became more pronounced. The differentiation between the big and the small industrialists became widened. The dependence on the state also increased in proportion to the strength of the nationalist movement which has gained a further momentum during this period. The battle for

protection, the demand for a shipping industry, the threat of expropriation of British capital in the event of India becoming independent, the bitter war on the question of reserving the Indian coast exclusively for her own shipping, the piloting of Hazi bill in the Legislative Council – are all features of this period. We note the complete identification of the nationalist movement with shipping industry in particular and a wide agitation for fiscal autonomy which ended in the appointment of the Indian Fiscal Commission.

The Fiscal Commission, while recommending discriminating protection for Indian industries notes that the industrial development that has taken place after the war has been *uneven, lopsided and incommensurate with the size and resources of the country*. (Indian Fiscal Commission 1921-22 P. 23).

It accepted the conclusion of the Indian Industrial Commission 1916-18 that “the capitalists of the country *with a few notable exceptions* have till now left to other nations the work and the profit of manufacturing her valuable raw materials or have allowed them to remain unutilized”. It recommended further industrialisation.

With the grant of limited fiscal freedom, many new industries came into existence, the match, the sugar, the cement and other light industries. We particularly note in this period 1928-35 the successful efforts made by the Governments of Madras, Punjab and United Provinces to develop the hydro – electric resources of the country (State action op cit page 25).

With the introduction of protection, the need for centralised action was once again felt. It was reflected in the resumption of the Industries Conference in 1933. (State Action op. cit. PP. 3,4). We once again see during this period 1928-35 the same features we have observed prior to 1924. We note the dependence of industries particularly the small ones on the Government, partly because of protection now granted

by the Government and partly because of the crisis of 1931-35 (State Action op. cit. P.5). We also note the establishment of a large number of miscellaneous local industries under the stimulus of protective tariff. "Many of them are economically unsuited to the conditions of the country". We have already discussed this in part I. (Report on economic and commercial conditions in India 1935-36. P.14).

While we see development of this kind, we do not see development in the sense of removing the **industrial deficiencies** that the Industrial Commission spoke of in 1918. It is true that, with the development of the Iron and Steel Industry since the last war down to this period, we have gained in removing a few of the deficiencies.

By 1935, we are still not in a position to prevent other nations manufacturing our raw materials. "**Under-capitalisation**" is still one of the chief defects of Indian industries. (Eastern Industrialisation and its effect on the West, op. cit. P. 258). We still note the following defects in the industrial and financial organisation.

1. The defects in the managing agency system and in methods of training and recruiting industrial leaders.
2. Defects in industrial finance, which are now met with to a certain extent by Investment Corporations.
3. Absence of cooperation between European and Indian enterprises, particularly the scare of foreign capital caused by the threat of expropriation.
4. Absence of a central bank with power to control credit. (See Eastern Industrialisation op. cit. P. 258)

In 1936, the Economist, London wrote:- "Although India has begun to modernize her industries it can hardly be said that she is as yet being industrialized". (A Survey of India today. Economist. Indian Supplement. London 12th December 1936, quoted in Kate L. Mitchell

Industrialisation of the Western Pacific" Part III of an economic survey of the Pacific Area. I.P.R. Inquiry Series 1942 P. 287).

The present has given some further stimulus to industries. This time the development is in the direction of removing **some of** the industrial deficiencies noted by the Industrial Commission. This war has given a greater stimulus to Indian industrial development than the previous one, because of the fact that India has become the theatre of war in the East. We have sketched the development already.

The report of the American Technical Mission 1942 is the most important document. It pointed out the absence of industrial executives and technicians. It pointed out the absence of several kinds of manufacture of machine tools. It pointed out the absence of a basic engineering industry. It pointed out the need for further expansion of **electric – power industry** and steel industry.

Since the American Technical Mission reported, some more developments have taken place. The basic defects are still the absence of **a strong metallurgical industry** (Mitchell op. cit. P. 290) and **low capitalisation**.

We note again during this period 1939-44 the dependence of the small industries on the Government. The debate in the Legislative Assembly on the fiscal policy of the Government of India showed solicitude for small industries. J. Ramsay Scott pleaded for their cause. (Legislative Assembly Debates 6th November 1940. P. 165) Muhammad Azhar Ali said "we have friends who plead the cause of big industry. I stand here to take up the cause of smaller industries in India." (Ibid P. 169). From the number of applications made under the scheme of control of capital issues, it has been made out that there has been a great move towards further industrialisation of India. It is true to a certain extent. But on close examination we find that most of the applications are for small industries. The big industrialists are waiting. The recent views

of Birla and Walchand Hirachand expressed on the proposed relaxation of the control of capital issues, show that they are not satisfied. The men who are coming forward to take advantage of the situation are the small and the new industrialists. The cotton, jute, woolen and textile industries have made enormous profits and they also have expanded qualitatively and technically. But most of the developments are in the munitions ordnance workshops. (For similar views, see article in Times Engineering Supplement London 8th June 44 reported in Hindu 10th June 44).

Taking the views of the Industrial Commission, the Fiscal Commission and American Technical Mission as landmarks, as milestones to measure industrial development of India, ***we find a slow and steady progress consistent with the accumulation of capital and industrial leadership.*** The wars have given only a temporary fillip.

B. CRISIS AND OPPORTUNITY

Therefore, ***war is not specially necessary for Industrialisation. War gives rise to military needs, which demand the industries to work to their full capacity.*** These industries are mostly munition industries which the Government have worked in self-sufficiency without calling for ***necessary*** allied industries, depending upon its own engineering, old out dated railway workshops. "War is both a crisis" writes Visveswarayya "and an opportunity for industrial expansion...." (8th May '42 Bangalore, Statement to the Press on "The American Technical Mission and Indian Industries"). But war is not necessary for industrialisation. While there has been improvement in every direction, the fundamental deficiencies noted by the industrial and even by the Fiscal Commission still continue today. The stimulus to the accumulation of capital is artificial. Economic controls impede its ware time economis more than in peace time.

The notion that War is necessary for industrialisation, is as illusory as the notion that war is necessary for a revolution. The conditions for a successful revolution being present, war helps the revolution. In the same manner the conditions for successful industrialisation being present namely growing capital and entrepreneur leadership, war helps industrialisation. But in a colonial country, the hindrances for such development become more pronounced. The two wars in the case of India have clearly revealed this fact and the American Technical Mission has recorded it.

In looking for such external aids which are no doubt significant, we are making a mistake in failing to understand *the self-expanding* character of *capital* especially when united with wise *leadership* and *initiative*. Capital expands. It does not lie idle. As long as it is weak, as long as it is hampered by internal weaknesses, no amount of outside stimulus is of avail.

To prove these contentions we have already shown concretely the industries that have been singled out for non-development in the first part. In the succeeding chapters we prove how *needs*, whether of war or of peace, have actually contributed to the development of industries and how the retardation of further development has contributed to the growth of the nationalist movement and the agitation for the help of starting heavy industries in the country.

III. SCIENCE AND SOCIAL NEEDS

A. Science and the Industrial Revolution in England

History affirms that mankind takes up only such problems that it can solve. Of those problems that can be solved, a good many remain unsolved. Various factors contribute to this. They are mostly political. When a social need is felt, the other circumstances necessary for realising the social need do not often materialise but are hindered. It may be the needs are sectional and a class that can take up the needs in the name of the society may be absent. It may be that the class that takes up the cause of the social need lacks political power. It may be that the other requisites, mass opinion and backing may be embryonic. It may be that the **old** still persists in the **new**. It is here that we see the question of the birth of science in the materialisation of social needs. The dynamics of social change is social needs. The means by which this transformation is brought out, is maturing **science** and **organisation**. The era of the birth of capitalism coincided with the birth of science. The seventeenth century is a century of science. The rising manufacturers, who needed science both as a **technical** and **ideological** weapon, endowed and encouraged institutions for scientific research. The 17th century was notable for its Royal Societies devoted to the furtherance of knowledge and science. Bacon in England, Descartes in France were the exponents of the utilitarian aspects of knowledge and science. Knowledge is power, wrote Bacon. His 'New Atlantis' is a reasoned plea for the application of science to planned economy.

In the 17th Century, the foundations for industrial revolution in England were laid. Feudalism was destroyed at Bosworth; though landlordism still prevailed only as allies of the manufacturing class. The accumulation of capital was growing. A new class of English Nabobs, grown fat on the riches of their plunder in the East, has become a phenomenon. In England the aristocracy together with the manufacturing and the middle classes achieved political control by means of the revolutions of 1688 and 1715. The aristocracy unlike the French, had a strong commercial bent. It was the patron of the commercial classes (See J.L and Barbara Hammond "The Rise of Modern Industry". P. 60). By the 18th century 'the industrial revolution was closely connected with science' (See Lancot Hogblen 'Science for the Citizen' and J.D. Bernal The Social Function of Science, London 1939 P. 24). In the 19th century, the further technological and chemical revolutions were even more dependent on science.

We also see the close connection between science and social needs in the case of the revolutions in **transport, mining and metallurgy**. In this period materials were collected by Royal societies and other institutions for 'early capitalist technology'. Chamber's Cyclopedia of 1728 was an instance of this kind. Professor Hissen writes that the "brilliant successes of natural science during the 16th and 17th centuries were conditioned by the **disintegration of feudal economy, the development of** merchant capital, of international maritime relationships and of heavy (mining) industry' ("The social and economic roots of Newton's Principia" in the cooperative volume "Science at the cross roads" 1931, quoted in G.N. Clark 'Science and social welfare in the age of Newton' Oxford 1937, P. 30, 68, 63 & 56). When once industry comes into existence, further technological and ideological developments were made possible by international competition.

Further competition, growth of monopolies, which seek to eliminate competition and which cannot eliminate it entirely between the monopolies themselves, **retards the creative development of science**. The big corporations thwart science. (J.G. Growther 'The Social relations of science, London 1941 PP. 580 -582).

In India, we see the working of this connection between needs and technology in a complicated form. In England, we have seen it in a developing capitalist country freed from feudalism and external political influences. In India we see it working under three limitations. They are:

1. The social revolution effected by the British in India is incomplete. Feudalism is still a hindrance for the development of science and technology.
2. The political policy of British imperialism which only encourages those industries that are **simple** and not **heavy** ones.
3. Under these conditions, the weakness of Indian capital itself, which pursues a contradictory policy of fighting for strategic positions on one hand and receiving concessions and being junior partner with the British industry, on the other.

These limitations explain the **thwarting of science and development** although the needs are felt and call for materialisation. We will illustrate this with reference to various aspects of Indian industrial life.

B. EVOLUTION OF TECHNICAL EDUCATION AND SKILL

The history for the agitation for technical education is of recent date. As long ago as 1891 a Committee was appointed by Sir Auckland Colvin to examine the question of technical education (For the early attempts to improve technical education in India See Indian Industrial Commission. 1916-1918 Report pp. 105-106) It was the Government that took initiative in Madras for technical education at the beginning

of the century. Lord Morley encouraged it, but it found no response from the educated classes. "The cry for technical education in India" wrote Chatterton "was but a feeble echo of that raised in England". The middle classes took to University (Art) education. "There was **a demand for the services of university graduates** and **they could readily obtain employment**... the rest of the country did not count' (Chatterton op cit p.4). The lawyer's profession was not **yet over-crowded**. The development of industries (1912) was not high enough to call for technical students. Today the demand for **technical education** and technicians is loud and intense. What does this mean? It means that the conditions for employment of technical men **today** are more favourable than at the beginning of the century.

Corresponding to the incipient developing industries during the first decade of the century, we can record attempts at founding technical institutions. A businessman of Meerut sent 37 names for five nominations at Roorke. In sending these names he wrote "In fact the new classes in your college have attracted so much attention in the U.P. that students of good ability and high standing are all coming in numbers and enquiring whether they can have a place in your college.... There is plenty of capital and trading skill, but it is **simply the education in these directions which is wanting**" (Letter No. 785 of 1907 dated Naini Tal, the 7th September 1907 to the Secretary of the Government of India: Papers connected with the industrial conference held at Naini Tal 1907 page 53). **The Institute of Science** founded in 1911 at Bangalore owes its existence to the munificent gifts of the Tatas and the assistance of the Government of India. We have already referred to the foundation of the Sydenham College of Commerce and Economics in Bombay in 1913. "It is now fairly generally accepted" writes Chatterton, 'that technical colleges in India can only do useful work when they train students for **whose services** there **is a demand** in existing industries and that the

pioneer work of starting new industries must be undertaken by men who have acquired their skill and experience in other lands where those industries are carried on under favourable conditions. The increasing **pressure of the educated classes** in the more favourable fields of employment can only be relieved by providing new openings for them in other directions and of these by far the most important will be found in the organisation of the immense resources of India for industrial undertakings of many kinds (Chatterton op. cit. pp 5, 5-6).

As the century drew to the end of its second decade we find that the professions for which **the educated middle classes** flocked in the beginning were over-crowded. Those “who have not yet found a suitable niche for themselves” joined the cry for industrial development. (Chatterton op. cit. p. 47) This coincided with the wave of nationalism that marked the first decade of the century “Enthusiasm for industrial advance became **general among the educated classes**”. (B.A.G.Clow op. cit. p.2)

By the time that Montagu came to India “the need for industries to **absorb the surplus energies** of the unemployed educated classes is obvious” (Chatterton op cit. page 147). He in fact recommended a forward industrial policy, as we have already noted, “in order to provide an outlet for the energies of her young men who are otherwise drawn exclusively to Government service or a few overstocked professions”.

At this time, we see the blending of three forces: (1) the growth of capital and its need for self-expansion which is expressed in the movement for fiscal autonomy (2) the growth of middle class unemployment and the need for diversion of this class to technical education, so that developing or contemplated industries may absorb these men into their services, and (3) the alliance of the middle classes with manufacturing classes which found expression in the Swadeshi

movement of the early (1905-1907) and the later periods and in the general national movement.

The first World War 1914-1918 and the limited fiscal freedom that India obtained in 1924 have contributed to the development of industries in India. "The gradual development of industry has steadily widened the effective demand for the services of those who **have received industrial training** and has thus stimulated **the expansion of schools and colleges to meet the need.....**" (State Action in respect of industries 1928-35. Bulletin No. 57. September 1936 p.8. This book is a continuation of Clow's book on 'State and Industry'. Clow's book deals up to the period of 1928. This one deals with the period of 1928-1935).

Here we see the close connection between the development of industries and the founding of the technical institutions. The following are some of the most important institutions: The Guindy Engineering College at Madras. The Harcourt Butler Technological Institute at Cawnpore (1921). The Thomason Civil Engineering College, Roorkee, The MacLagan College of Engineering at Moghalpura (1923), The Bihar College of Engineering, The Sibpur College of Engineering, Bengal, The Department of Chemical Technology and the Victoria Technical Jubilee Institute, Bombay, The Jamshedpur Technical Institute and The Indian School of Mines at Dhanabad (1926). Besides these, there are a number of technical and industrial schools (For a list of these between 1928-1935. See "State Action" op. cit. p, 14) Most of these were established before 1928. "No new Engineering college was established during the period 1928-35, but changes have taken place in the existing colleges". (State Action op. cit. page 10). Since 1935, a few more have been established.

The Abbott Wood Report of 1936-37 made important recommendations with reference to technical education in India. It stressed the

mutual dependence of industrial development and technical education (quoted in Sargent's Report p. 36). The recommendations have not been carried and the Sargent's Committee referred to them once again.

Even by the year 1935 the main defect of the industrial system in India namely absence of a basic Engineering industry, which the Industrial Commission had pointed out, was not attended to. The Second World War 1939-44, has brought to the attention of the public this weakness once again. We have already referred to the comments of Tyson and the American Technical Mission in the first part. We can see some quantitative development of Engineering Workshops during this period. They have risen from 600 in 1939 to 1500 in 1943. They are distributed as follows:

840 General Engineering

300 for small tools

368 Railway workshops for munitions components.

(Indian information 15th March 43 page 202) These refer to ad hoc. jobbing works, but not to **real basic engineering works**.

The American Technical Mission has made recommendations to remedy this defect: It recommended a basic change in production technique. It suggested that mass production methods must be introduced. "This will be a difficult task involving the provision of new equipment, the transfer of equipment from one shop to another and the re-arrangement of equipment within existing shops. But the task must be undertaken and with it the more rigid control of materials, priorities and prices". (New Delhi 4th June 42).

The connection between the development of industries and the need for technical skill is also seen in the institution of Nevin's technical training scheme which we have already discussed in Part I. An entirely new industry, the manufacture of precision tools – has sprung up under

the stress of war time needs. The beginning of this highly intricate and specialised industry is to be found in the Instrument Mechanics Training Centre at Hindupur near Bangalore. This centre is one of the many centers set up under the Technical Training Scheme, where over 275 boys are taught this highly specialised industry under the guidance of British experts. (Times of India 19th May 44).

Commensurate with the needs of industrial development the establishment of technical institutions has been slow and the need for skilled personnel is also great. It is evidenced by the fact that the American Technical Mission during the five weeks of its stay in India telegraphed to Washington some thirty five specific requests for essential ***machines***, materials, and personnel. It has in particular asked for the services of a number of technicians of the foreman and shop superintendent type to be employed by the Government of India in war plants for a period of one year and of two shop superintendents to be employed in the steel industry for a longer period. These requests are influenced by the fact that India has become the special theatre of war in the East.

At the 4th conference of the All India Manufacturers' organisation, Visveswarayya stressed the importance of the establishment of an Institute of Higher Technology to ***train leaders*** and ***top men in organisation, technical skill design of machinery*** and ***estimating***. He said "A College of Technology was proposed by a Bombay Government Committee of which I happened to be the Chairman in 1921-22, but the recommendations although supported by my Indian colleagues were ignored by the Government" (Proceedings, 4th conference A.I.M.O. p.8). The Madras University is thinking of establishing ***a College of Technology at Coimbatore*** where the need for such an institution is severely felt.

The report of the Central Advisory Board of Education known

as “the post-war educational development plan in India” (or popularly “Sargent’s plan”) is now published (January 1944). It sets up a Technical Education Committee which came to some important conclusions. They are “In view of the recent expansion of industry and the likelihood of further development after the war it is necessary to plan immediately a comprehensive system of technical education at all stages” (p.45) “The function of technical education may be described as two-fold, (A) to meet the needs of industry and commerce for properly trained workers of all grades and (b) to provide a suitable form of education for those boys and girls whose natural abilities can best be developed by instruction on practical lines” (pp. 45-46). Technical education should be regarded as an integral part of any educational system and as in no way inferior to education of the academic type. (p.46). Concerning this the main report says:

“Technical instruction today must be **a wider and more liberal form of training than it has been in the past**; it must comprehend **the scientific principles underlying the process of manufacture** as well as **the processes themselves**; it must link up the series of production and business organisation with the arts of design and salesmanship. It must take cognizance also of social service in relation to the effect of industrial development on the life of a previously no- industrial community and it cannot ever neglect the provision of purely cultural and recreational facilities as an antidote against mental and moral stagnation for those workers who are destined to remain the semi-skilled servants of the machine” (p.38). This recommendation reflects the changes that have taken place in the modes of productions since the last half a century. The other conclusions are: “Education from the earliest stages should be given a more practical character and the curriculum should aim at making boys and girls familiar with practical as well as academic subjects”. “Technical education must include **commercial education**

and **art** in relation to industry". (p.46). Concerning this point the Abbott – Wood Report of 1936-37 remarked "Nothing has disappointed us more than the general neglect of the teaching of Art." The main report says "Indian manufacturers will be very wise to devote far greater attention to **the artistic qualities of goods produced**" (p.41).

An Association of Principals of Technical Institutions in India (A.P.T.I) has recently been formed with the object of formulating a national policy in technical education and establishing All India Standards for courses in the major branches in instruction (p. 45) The Committee welcomes this **as a step in the direction of coordinating technical instruction in the country**. (p.47).

The main committee came to these conclusions:

1. In view of the prospective needs of post-war industry and commerce for skilled technicians, and in order to cater for the aptitudes of the old who will derive greater benefit from a practical course, the establishment of an efficient system of Technical Education at all stages, on the lines set out in the report of the Technical Educational Committee, is a matter of great urgency.
2. Due regard should be had to the recommendations of the Abbott – Wood Report in respect of the scope and content of Technical Instruction (p.47).

C. DEVELOPMENT OF TRANSPORT

i. RAILWAYS

The development of railways in India is another instance which indicates the connection between social needs and technical developments. Railway development in India is part and parcel of larger question of modern transport in India. British policy in India in fact in the Empire has been several-pronged. While the policy has

one main objective, it has also several other subsidiary objectives; The question of what is called the employment of 'natives' arose out of considerations of the Mutiny. It is good to employ the "natives" in the lower divisions of the administration in the beginning, because it is a cheap agency. The other objectives are there. They are systematically and consciously pursued. We find them stated in the letters of Lord Lytton. Such employment associates the Indians with the administration and tends to divert disaffection. Such association will strengthen further the paramount power. At a later period the association of the "Indian in the higher ranks of the administration" has similar objectives.

Railways in India were primarily built for strategic and military purposes. The Sikh Wars of 1846 brought the question of mobilisation troops into prominence. Lord Hardinge remarked:

"The facility of rapid concentration of infantry and artillery and stores may be the cheap prevention of an insurrection, the speedy termination of a war or the safety of the Empire. I should estimate that the value of moving troops and stores with great rapidity would be equal to the services of four regiments of infantry" (Minute of Lord Hardinge 28th July 1846 quoted in R.M. Chaudhuri "The Evolution of Indian Industries" Calcutta 1939 p. 276) In a minute of 28th July 1846 Lord Dalhousie spoke of the political, commercial and social advantages of the railway system. (Chaudhuri op. cit. p. 278) The report of the Indian Famine Commission of 1901 discussing the question of railways says:

"We are convinced that the inability of the railways to carry all the food that was offered affected prices in the famine districts. To increase the rolling stock, in our opinion, is one of the most urgent questions of famine insurance" Famine is a factor which emphasised the need for increasing the rolling stock. The report further says: "It is conceivable that a reserve of rolling stock might yield a large commercial profit; it is obvious that it might be of high military advantage" (Section XXI

Railways p. 77, 78) We see in this policy, a blending of more than one objective.

During the period of conquest of India, military and strategic considerations in the construction of railway lines, dominated, while other conditions also prevailed. During the period of the consolidation of the conquest, political considerations predominate. Here also the other conditions are not excluded. During the period of the famines of the 19th Century, consideration of protection against famine, came up to the fore. The question of passenger traffic comes late on the scene, as social mobility of the Indian population is a recent phenomenon.

The growth of railway development corresponds to the phases of the industrial revolution. The first phase of the railway development from 1844 to 1914 corresponded to the development of plantation, textile industries and the foundation of the Iron and Steel industries in India. The second phase corresponds to the development of paper, glass, cement, match and other munition industries from 1914 to 1939. During this period, passenger traffic has come for more consideration than at previous time. During the period of 1928-35 India produced "all the railway equipment including bridgework, that she requires with the exception of locomotives and wheels and axles and a few rolling stock specialities". It is said that in the case of these things "plans have already been prepared for local works (Report on economic and commercial conditions in India 1935-36 p. 16). The third dates from the present war. In the second and the third periods there has not been any real development of railway system in India but only rationalisation of the existing system.

The chief social need that has now come up to the forefront is the question of passenger traffic and their convenience and comfort. The increasing movement of population from place to place for pleasure-travel business or pilgrimage purposes is increasing so fast that the

inconvenience and discomfort felt by the passengers is brought into more prominence. The increase of calamities like famine, plague, cholera and occasional bombardments during the last two years has brought the question of social mobility to the forefront. The railways without adding a bit to their rolling stock, in fact even under conditions of dismantling, have been making profits and even thinking of raising the passenger fares. The Indian Railway system is one of the most obnoxious systems in the world, especially from the standpoint of the convenience of passenger traffic. The railways in India are mobile prisons. They are carriers of dirt, disease and insanitation. The company authorities are criminally negligent in failing to take steps in this direction. The inter-class system is a colossal fraud and mockery. Added to this is the somnolent official steeped in corruption, which makes honest traveling a penalty.

The other social needs are the development of ports, the release of the congested population to areas that are thinly populated by means of constructing new lines to such areas thus encouraging further mobility of men and goods, and electrification. (For Sun Yat Sen's ideas on the railway development in China, see his "Plan for the International Development of China. Programme IV p. 94).

ii. **Road Development**

The increasing passenger and commercial traffic has brought the question of connection of the railways with road construction and development. Roads like Railways arose out of military necessity. In the earlier days they were placed under the control of Military Board Engineers. It was only recently that the Public Works Department came to take charge of them, which has come into existence with the development of Local Government. The report of the Indian Road Development Committee 1927-28 stresses the inter-dependence of communications. "The full value of a railway is not realized, unless it is

fed by an adequate system of main and subsidiary roads. The orderly development of all communications should proceed together. It is stated in the Railway board Memorandum that "railways in India have always felt the lack of roads to feed them" (p.20). that is why the Railway Traffic Officer is primarily interested in "radial" feeders. The Indian Railway Committee of 1920-21 said in paragraph 98 "the advantages of a close relationship between railways, ports, water transport and road transport are obvious. They need correlation by a common controlling authority; they are feeders to each other, but at the same time their conflicting interests as carriers necessitate expert supervision and protection; all methods of transport are necessary for the development of India and all new schemes whether for transport by rail, road or water require to be considered by the same authority as a part of a well ordered general programme" (p.50)

It is for this reason a road plan for India is needed. That the economic development of Bombay presidency has been hampered by want of transport facilities, has been pointed out by the Bombay Economic and Industrial Survey Committee. 40 to 75 per cent of the area in certain districts are not served by roads at all. In certain other districts 70 to 80 % of the villages are totally cut off from outside communications during the monsoon. We have already given some instances of this in Part I.

That Rural development in respect of Sanitation and Education and other social amenities is dependent on a good transport system has been abundantly proved by the present famines in Bengal, Kerala and Ceded districts. "During the rainy season roads connecting a great majority of India's 7.5 lakhs of villages are virtually submerged in water and this entails incalculable difficulty and loss to villagers". (Indian Finance Annual Supplement Dec. 1943). The Royal Commission on

Agriculture reported "India must still be regarded as a backward country in respect both of railways and roads' (Royal Commission on Agriculture 1928 chap. XI).

iii. **Motor Transport Development**

The congestion of passenger traffic is relieved by the bullock cart and the motor bus. In the country side the bullock cart is still the means both for passenger and agricultural traffic. It is now being superseded by the motor bus. The Railways have been unable to cope with the passenger traffic and in some respects the motor bus is competing with the railways in carrying passengers at cheaper rates and for more frequent times. This in turn is dependent on good roads. Motor transport has indirectly raised the question of roads and the district board members who have liaison with motor-bus owners have some stakes in the development of the roads.

Studies on the question of the motor transport are few. A local study of the Motor Bus Transportation has been made by D.R. Gadgil and L.V. Gogate in 1935. They point out the lack of balance in our road system, the disproportion in length and condition of repair between the trunk and the main metalled roads and the subsidiary and feeder roads, which, is the greatest defect of the Indian Road system (p. 164). They state that the motor bus has not yet gained any important footing in the seasonal carriage of bulk agricultural products. They believe that it competes with the bullock carts in the carriage of perishables or of goods of all sorts in small lots (p.167). In fact, in some districts the motor bus is solely used for passenger traffic specially litigant passengers, who wish to attend local courts in time. The authors write that 'Lack of bridges and causeways at many points in the road system.. causes considerable inconvenience to motor traffic and retards its development (p.164). The Motor Bus has come to stay during the last twenty years and raised other subsidiary problems, besides the problem of roads.

iv. **Development of Power Alcohol**

An efficient motor bus service will, in the natural course of things, be dependent on an automobile industry which in turn will be dependent on Iron and Steel industry. As we have no automobile industry (excepting assembling and repairing shops) the motor transport is dependent on imports of vehicles. At present such imports are controlled. In times of War the controls react still more unfavourably. While its dependence on the automobile industry has contributed to the movement for the demand of starting and helping heavy industries, it has also raised the question of power alcohol.

Petrol has become dear and War conditions impose severe restrictions. The development of sugar industry in recent years and the agitation for the utilization of its bye-products, molasses for the manufacture of power alcohol, which could be used for transport in place of petrol, are recent phenomena.

U.P. and Bihar are the largest sugarcane producing provinces in India. They contain the largest number of sugar mills in India. Hence the problem of utilising the molasses for the manufacture of power alcohol first presented itself to these provinces. The Governments of U.P. and Bihar appointed a committee in January 1938 to investigate into the question. The committee spoke of the economic waste caused by the non-utilisation of the molasses. They came to the conclusion that "it is an economic proposition to manufacture power alcohol provided it is locally used". They said 'that the only use for power alcohol is as a motor fuel mixed with petrol. The committee also reported that the molasses could be used for other purposes also, for the surfacing of roads, for feeding cattle and for fertilising soils. (Report of the Joint Power Alcohol and Molasses Inquiry Committee with annexures. Bihar and the United Provinces 1938. see page 37 for subsidiary uses of Molasses).

This question has become one of national importance that the national planning committee has passed a resolution on it. The American Technical Mission recommended a further investigation into the possibility of producing power alcohol. Subsequently, a suitable plant, was installed in Mysore with indigenous material so that today there is more demand for molasses than ever before. (For power alcohol in Mysore see The Sugar Industry Annual 1942 Ed. by M.P. Gandhi p.98; Dr. N.G. Chatterjee, Secretary to the U.P. and Bihar Joint Power Alcohol Enquiry Committee. April 1941. Commerce. 2nd October 1943 p. 484). The installation of the plants in other parts of India is being considered by the businessmen. It is interesting to note that at present there are Molasses Control Orders both in U.P. and Bihar. "Latterly the demand for Molasses has increased remarkably so much so that certain sugar factories in U.P. find it remunerative.... To concentrate more on molasses than even on sugar" (Commerce, 8th Apr. 44 p. 541).

At one time we are dependent on imported sugar. With the production of our own sugar, we reached the over-production mark till controls, aggravated by war came in. Then came GUR over-production and now we have a boom for molass production with their attendant controls. At one time we were despaired of the waste of molasses. The need for the utilisation of molasses led to the idea of manufacturing power alcohol. This in turn led to the installation of a plant based on indigenous materials. Such is the round of science and social needs.

v. Technical Developments Ancillary to Railway Development

a. Locomotives

In European countries, the railway development was associated with the development of engineering and other allied industries. It was particularly so in England. It not only led to the development of engineering industry but also the use of machines to make machines.

(Hammond's 'Rise of modern industry' p. 79). The connection between need, science and development and the mutual action and interaction is to be seen in the development of British mining, metallurgy, machine tools, Engineering and Railway industries. Sherwood Taylor writes:

"Britain's prosperity between 1840-1880 was very largely due to a virtual monopoly in Engineering. Engineering in mid 19th Century meant railways, bridges and steamships. Its manifold extension belongs to a later age. The manufacture of Engine and rails called for great numbers of engineers and artisans and was the occasion of the designing new types of machine tools which were applicable to other industries. It also caused a vast expansion in mining and metallurgy" (F. Sherwood Taylor "The Century of Science" 1941. p. 28).

In India we have already seen how historically different objectives at different periods have shaped the limited development of the Railway system. From the beginning it was satisfied with its old out-worn workshops, which are the only potential heavy industrial centers in India, mainly using them for repairs, light construction of locomotives etc. The Wars have forced on these workshops added duties which they have not undertaken before.

For a long time the question of the manufacture of locomotives in the Indian Railway Workshops on an increased scale, has been discussed both by the railway officials, the Government of India and the public. In 1940 the Government appointed an expert committee to enquire into this question. The committee reported that there were no difficulties of a mechanical or other technical character standing in the way of Indian railways manufacturing their own locomotives in India. (The construction of Locomotives in India in State Railway Workshops. Being a report on the initial cost and financial prospects of alternative schemes by Y. Humphries and K.C. Srinivasan 1940 p.2). In support of this, they say that the East Indian Railway Workshops at Jamalpur

built as many as 214 broad-gauge locomotives, 103 boilers and 99 tenders between 1885-1923, and that his was given up in 1926. They say that the Bombay, Baroda and Central India Railway Workshops at Ajmer have manufactured between 1896-1940 no less than 435 metre-gauge locomotives. (p.1) They say that the demand for locomotives was annually around 60 to 100 (pp. 2-3), they have also discussed the factors that led to the fluctuations and uncertainty of demand for locomotives. Better utilisation of the existing stock, quicker repairs of locomotive equipment, electrification of the lines at Bombay and Madras and competition caused by motor transport are some of the factors that contributed to the uncertainty of demand for locomotives (pp., 5,7,8) They say that the average annual requirements of Indian railways are at a minimum the equivalent of 108 locomotives broad-gauge and 38 locomotives meter-gauge of modern design and specification (p.9) They say that production of locomotives is cheaper than purchase. They say that if broad-gauge locomotives were manufactured in sufficient numbers in India, they would generally be available for the use of Indian railways at prices about 20% cheaper than the lowest prices at which imported locomotives can be placed on the line in India. (p. 46) They consider it desirable that the manufacture of locomotives should be continued at Ajmer although it is not as good a place as Kanchapara (p.51) They came to the conclusion:

"Locomotives can be manufactured in India at competitive prices without any state aid in the shape of either subsidies or protective tariff so long as the annual average demands of Indian railways for locomotives during their life circle of 35 to 40 years are not likely to be much lower than the capacity of locomotive workshops of economic size... We recommend that there should be no delay in seizing the opportunity rendered the more attractive financially by the state of War that now prevails." (p.52)

This is the opinion of the experts and nothing has been done to implement this recommendation. Benthall is still speaking of the difficulties of manufacture of locomotives at present in India. There is a need for the construction of locomotives. It is cheaper to produce than to buy them. They can be manufactured and are essential for war efforts. Yet, no construction has taken place because of the policy pursued by the Government and the Railway Board.

This matter has been raised in the Legislative Assembly. Santhanam contended that the Workshop at Ajmer is also an assembling one and not a good manufacturing one. The Indian members aired their grievances but nothing came out of it. (Legislative Assembly Debate The Indian Finance No. 2 bill 1940 p. 405, 406) It has come up for discussion again in the Council of State on 15th March 1944. Pandit Kunzru's resolution recommending that steps be taken for the manufacture of broad-gauge locomotives in India, was passed without a division. Mr. S.N. Roy, Secretary to War Transport Department in the course of the debate, referred to the difficulties in obtaining machinery and tools which were of a complicated character and pointed out that the question of designs and layouts in regard to the Kanchapara factory was under correspondence with the consulting Engineers and assured the House that the Government were determined to push forward with the scheme.

It is Visveswarayya, more than any one, who kept continually referring to this problem. At the fourth conference of the A.I.M.O. he referred to it again.

"..... We have not begun to manufacture locomotives yet, although our engineers had successfully begun to build engines of lesser intricacy more than thirty years ago. The manufacture could not make headway as the purchases of high class machinery are controlled by Government staff. England has either to reserve the manufacture of high class machinery for India for herself. Even in this present war, she

manufactured locomotives for India. Last year, the Railway Member, Sir E.C. Benthall announced that 400 locomotives manufactured amidst the pressure of war were imported to India..... We now gather from a London Journal that the Government of India have placed orders for 180 locomotives in Canada within the past few months.....” (Proceedings A.I.M.O. p.7) We gather from the papers that some are imported from U.S.A. also under lease-lend scheme.

It is learnt that as an urgent war measure the Government have been negotiating with the Tata and Sons for the establishment of a locomotive manufacturing industry in India. The Tatas have agreed to make broad-gauge locomotives provided a certain minimum intake is guaranteed.

It is learnt that the proposed capital for this locomotive manufacturing industry of the Tatas is around 5 crores. When the negotiations are concluded the Tatas will have the highest priority for the import of machinery and plant for their locomotive manufacturing industry. At the same time the Government are perfecting their plans for the conversion of the railway repairs workshops to Kanchapara into a locomotive manufacturing unit. It is believed that the E.I.R. Workshop at Singhbhum is to be converted into a unit for manufacturing boilers. It is said that the Secretary of State for India has agreed to give the highest priority for the import of plant and machinery for these enterprises. It is not so much the need and the agitation for this industry that led to these recent negotiations (New Delhi May 23, 1944) but the urgent war needs that led to these measures. (Financial News, 27th May 1944)

b. Development of the Manufacture of Machine Tools

The Indian Industrial Commission (1916-18) and the American Technical Mission (1942) have both emphasised the absence of facilities for manufacture of machine tools as one of the deficiencies of the industrial development of India. The need for the establishment

of machines to produce machines had been felt for long and it is only now after a lapse of a quarter of century that some beginning is made in the manufacture of machine tools. The debate in the Central Assembly 11th March 42 revealed the shortage of the machine tools. The Machine Tool Controller's Order came into existence in March 1940. In March 1942, there were well over 100 licensed firms, in July 43, over 1277 firms of which only one is an expert one. The Machine Tool Industry cannot develop unless the basic engineering industry on which it is dependent is in existence. As the war progressed, the need for machine tools became intense. When the Government realised the difficulties in the way of importing machine tools (shipping space – delay, priorities, control etc.,) they thought of making them in India itself. The supply department appointed two experts to organise the production of machine tools. Five firms were selected of which three are Indian owned. Tatas is not one of them as they bought Investa Machine Tools and Engineering Company later after this arrangement. It is now believed that the Investa Machine Tools Company is making progress in the manufacture of machine tools. The Indian Machine Tool Manufacturing Co. was started in 1941 which already declared a net profit of Rs. 9000 in the course of a year. Another new company by the name of Praga Machine Tools Ltd., was recently floated in Hyderabad. The document 'India's part in the 4th year of War; records that steady progress has been made with the development of indigenous manufacture of machine tools. It is believed that over four hundred per month are now being produced. The report says "Technical advice is being given to the manufacturers by a team of experts from the United Kingdom and with rationalisation of the industry proceeding, higher quality tools will soon be made. (p.28)

C. Internal Combustion Engines

This also forms part of the basic Engineering Industry. Arising out of the war needs, a committee has been appointed in March 1941 to

enquire into the manufacture of internal Combustion Engines in India. It reported a few months ago. According to the report four firms are at the moment manufacturing internal combustion engines in India. A very large number of workshops scattered throughout India are engaged in the manufacture of various component parts in ferrous and non-ferrous materials for standard engines. The High Commissioner for India got in touch with the Diesel Engine Users' Association, Secretary of Motor Manufacturers and traders Ltd. and Internal Combustion Engines Manufacturers' Association, London for their help in the manufacture of the engines in India. The British manufacturers are guided by the statement made by Amery on 9th October 1941: "As I have already explained, the manufacture of internal Combustion engines in India is not a practical proposition, so far as the present war is concerned". The Committee reports "It was stated by the British manufacturers that to undertake the manufacture of complete engines at the present time, India would have to import certain special steels and also certain components such as fuel pumps requiring special high precision plants for this manufacture.....The question of co-operation from the associations of Great Britain is governed by the Policy of his Majesty's government". (Journal of Scientific and Industrial Research, Vol. II No.2. January 1944. p. 81, 107).

Another instance of a need, both of peace and war economy is turned down as an impractical proposition, although four firms are at present engaged in the manufacture of the engines. In his letter to the Secretary to the Government of India, Department of Commerce and Industry, New Delhi, Walchand Hirachand wrote:

"We are sorry to note that the Secretary of State has stated that it would not be practicable proposition to manufacture internal combustion engines in this country. We desire to draw the attention of the Government of India that internal combustion engines are being

manufactured in India for almost the last ten years by several firms. Our own concern, the Cooper Engineering Co. has been manufacturing internal combustion engines and has been successfully competing with the foreign manufacturers" (p.7)

The other questions connected with the problem of transport will be discussed in the succeeding relevant chapters.

D. The Development of Heavy Chemical Industry

In U.S.A. the demands of the War years of 1914-18, gave birth to the great chemical industry. It was also the case in England. China's Chemical industry may look to 1937 as the year of its birth, coinciding with the Japanese war of aggression against her. (Roy. L. Spooner 'A new emphasis on Chemistry "in War time China as seen by Westerners". (p. 200) In India, while it dates with the last war, the real development begins with the present war.

The Iron and Steel, the Engineering and the Metallurgical industries are dependent upon a heavy chemical industry. Outside these big heavy ones, industries like the textile, drug, electricity, fertiliser, toilette and tanning are dependent on chemical industry. "If the demand for sulphuric acid is taken as the Chemical barometer of the industrial conditions, industrial action in India seems to be in its infancy. In view of the expanding conditions of the manufacturing industries of India, however, the manufacture of sulphuric acid is of great importance" (Chemical industries of India. A treatise showing the possibilities of the chemical industries with detailed processes of manufacture by an industrialist. 3rd Edition, Calcutta, 1942, p.4) In order to fulfill this need for the manufacture of Sulphuric acid, plants are being obtained from U.S.A. through Lease – Lend facilities. "production of various important chemicals such as sodium sulphide, sodium sulphite, sodium thiosulphate, potassium chloride has been established in the country.

Plans to import plants for heavy chemicals, caustic soda, chlorine ammonia and power alcohol are in progress" (India's part in the 4th year of War. P.32).

Recently many heavy chemical companies have been floated. The Tata Chemicals Ltd. in Baroda which is now in progress, when completed will be the largest chemical industry in the East. Many fertiliser chemical companies also are floated. The Mysore Chemical Fertiliser Company is one. In Andhra a chemical company was recently formed.

We have already referred to the development of drug industry in Part I. This in turn led to the production of vitamins. It also gave a fillip to the glassware industry.

The development of the chemical industry, together with the difficulties of importing food stuffs from abroad, gave an incentive to the production of canned food stuffs and the production of jams and marmalade in India. "A canning factory for the production of peaches, apricots, pears and plums, has been started during the year (1943).... Canned tomatoes have also been produced successfully" (India's part in the fourth year of War. P.33).

Canning industry in turn led to the scarcity of tin plate for packing foodstuffs. This in turn led to the development of dehydrated foodstuffs in order to save tin plate and freight. The dehydration of vegetables, potatoes and fruits has been carried out on a large scale. The stimulus to these developments is largely due to the immediate army requirements. Indigenous production of tinned cheese has been developed and a factory is already in production.

The impact of social needs, intensified by war and the situation caused by it has led to many subsidiary industries "Many thousands of

gallons of motor Benzol, produced as a byproduct in the manufacture of toluene, which is required for the production of T.N.T. have been placed on the market in India." (4th year of War op. cit. p.27). We have already referred to the production of binoculars and other scientific precision instruments for the first time in India. Such again is the round of science and social needs.

E. A Commercial and an Industrial Encyclopedia

We have already seen how the century of the rise of science and industry in 17th century England, France and Holland has also been the century of the rise of commercial and technical encyclopedias. We have reached a stage in India when such compilations are necessary. Shanmukham Committee has already announced the compilation of National Registers which give an idea of the industrial investigations and the work done. We have already works like Watt's Dictionary of Economic Products of India" 1885 – 1894, and "Commercial products of India" 1908 which are now out of date. The scientific and industrial research Board is now undertaking a monumental work on "The dictionary of raw-materials of India". Dr. B.L. Manjunath, one of the Members of the Board, is in charge of this work. He has contributed some preliminary notes on this work to the journal of Scientific and Industrial Research. (Vol. I No.2). He writes that two factors in the main have been responsible for the decision of the Board to undertake this work. One is the phenomenal growth of science and technology during the last 50 years. The older institutions, the Geological, Botanical and Zoological, together with the Imperial and provincial institutes of agricultural research, the Forest Research Institute, the Indian Institute of Science and the Department of Scientific and Industrial Research have contributed to the accumulation of scientific knowledge which makes revision of older works necessary. The second is the transformation of the country from a purely agricultural to a semi-industrial state. A new

dictionary must naturally reflect this transformation and the needs in accordance with the growing science (p.140). New needs, new science and new developments. Such again is the round of science and social needs.

IV. BUSINESS AND POLITICS

A. Nationalism, a Product of Capitalism

Nationalism is a product of rising capitalism. From the 16th century, when national states and national movements began to appear on the scene, down to the present day, we note this phenomenon. In the epoch of wars and revolutions, of uneven development of capitalism, we note the emergence of national movements in the colonial and backward countries. These movements follow the same pattern. They emerge out of their struggle against feudalism, out of the dissolution of empires and coincide with the rise of mercantile commercial classes in alliance with the middle and intellectual classes. The best studies on the subject are those of Lenin and Stalin. These have been amply corroborated by a study group of members of the Royal Institute of International Affairs. (Nationalism – a report by a study group – Oxford 1939). These also have been confirmed by the historian Toynbee.

In tracing the genesis of the modern industrial movement; we note the same phenomenon in India. We have seen the linking up of business and politics ever since the industries conferences came to existence, we have seen it in the Swadeshi movement. The history of the agitation against the Partition of Bengal is the history of the alliance of politics and industry and their combined struggle against the Government. The first great battle of this alliance is the battle for protection. “The very foundation of protectionism is the idea of nationality” and Malaviya quotes this saying of Bastable approvingly. The alliance won the first

round, a limited fiscal freedom. Political concessions followed in the course of the struggle. In India, the movement ran - in two stages. In the first stage, it ran on an all India basis. In the second stage after the winning of fiscal freedom, it began to differentiate itself on national lines. The national forms, within the general all - India movement began to assert. It is known as the "separatist tendency", a provincial movement', 'a redistribution movement' a self- determination movement and a 'Pakistan movement'.

The life of the merchant is an endless adventure. It is an offensive against society for lucre and yet in the name of the society. "As William Sanderson, 'Gentleman, Citizen and Merchant of London' wrote over 300 years ago, 'Tyme, the truest Schools-mistresse, hath taught all Ages that no penalties nor police, could yet interpose between ye Marchant and his profits". (quoted in World Economic Survey Third year 1933-34 Geneva; 1934, p.8). He welds the acattered people speaking the same language. He explores contiguous territory speaking the same language, having the same historical traditions. These are the foundations for his expanding market. In the search for the market he unites them into national units. His concern become a national concern. Language, contiguous territory (in the earlier stages before the trade becomes international), common culture, sentiments and history aid the expansion of his trade. The merchant is nothing when he is born, in his trade he becomes something and in trying to become something, he is apt to become everything. That is how he speaks in the name of the nation. That is how his concerns become national concerns.

After the first round, he is now for a second round of industrialisation. In this process he is getting metamorphosed. He is shedding his ancestral garbs, his shyness, his timidity, his mercantile robes and is becoming a full blooded capitalist. He becomes anti-foreign, while welcoming foreign capital. He threatens expropriation of foreign

interests when he comes into power. He wants an empire of monopoly for himself. Today the movement for industrialisation, in its essence, is a movement for the capture of heavy and key industries for himself. To the lesser folk, it is a movement for some niche in the business corner.

The movement for heavy industries is the distinguishing feature of the third industrial Revolution we are now in. This war has hastened this revolution. Since 1921, we see politics taking up the cause of Industry, more intensively, than before, and industry affirming its aspirations with politics. This alliance has not been uniform. Only certain industries have come to be taken up by politics for unceasing agitation. The establishment of the Iron and Steel industry owes to the indefatigable labours of the great Tata who is the pioneer of heavy industry in India. It came into existence almost silently without any political fanfare. Partly is it due to the strength and virility of pioneering capital. Partly is it due to the immaturity of the national movement which did not arouse the antagonism of British interests so much. Partly is it due to the vision and courage of the owner of capital. But since 1921, every industry, big or small, is a national industry, announced with great éclat and fanfare. The industry that crystallised itself as an all-India concern is the Transport Industry with its three divisions- the shipping, the automobile and Air-Industries. It is these that constitute the modern heavy industries. The movement for heavy industries or for modern transport in this epoch of the third industrial revolution, which dates from the War is the movement of the big business, industrial oligarchs and powerful financial interests tending towards financial monopoly. Every circumstance is in their favour. The needs of the peace and war economy are there. Capital, in spite of the low organic composition is there. Other things are of course wanting, skill and mills that manufacture machine tools.

But what hinders this movement for modern transport? In sketching this movement, our object is three-fold. First, to disclose the class origins

and nature of the movement, second, to disclose the weaknesses from which the movement for heavy industry still suffers and third, to disclose the imperial framework under which it is to operate.

B. The Class Character of the Congress & League

We begin with the analysis of the class character of the Congress. Sir George Schuster and Guy Wint characterise it as “a collection of almost every conceivable interest and type of personality”. They say “It includes millionaires, mill workers, landlords, peasants, saints, gangsters, professors, experts in international affairs, parochialists, liberals, anarchists, communists, ascetics, fanatical Moslems and fanatical Hindus and its liability is a large supply of visionaries”. (India and Democracy, London 1941, pp. 165-66). It is like Hinduism, an eclectic hodge-podge tempered by patriotism. They further say that “in different provinces it is dominated by different interests, in this respect resembling the great American parties, which in different states often stand for different social classes’. In the U.P. it is a party of the intelligentsia, the peasant and mill worker; in Bihar of the minor landed gentry; in Bengal of the professional upper middle class; in Madras it is pro-Brahman; in Bombay it tends to be anti-Brahman” (p.166). While several elements predominate in the congress, it is subtle in its alignment with propertie interests as a whole. Brailsford has pointed this out in both the Congress and the League. Concerning the League, Brailsford writes: “Undoubtedly large numbers of the wealthy, conservative Muslim land owners have rallied to it. Conspicuous among them are the great landlords of Oudh, the talucdars who have often played a turbulent part in Indian history” (H.N.Brailafor “Subject India”. London 1943, p. 84). Winston Churchill, in a speech in the House of Commons, has truly characterised the Congress: “as a political organization built around a party machine and sustained by certain manufacturing and financial interests” (10th September 1942, London).

This disclosed that the pattern of national movements is the same all over the world.

The association of big business with Congress is too well known to be detailed. The connection between the Mill owners and the East India Cotton Association and the Birla House and the lavish hospitality with which these organisations greet and shelter the congress leaders is too well known. At the time when the Japanese invasion of India was felt to be imminent in 1942 and the question of the attitude of the Government towards 'the scorched earth policy' came up for discussion, the Indian, the Bengal National, the Muslim and Marwari Chambers of Commerce and the Bengal Mill Owners' Association, sent a telegram (Calcutta 19th March 1942) to the Government of India expressing the view that the adoption of the 'scorched earth policy' in this country in case of an emergency will be "inadvisable and entirely unnecessary". Mr. G.L. Mehta, on behalf of the Federation of Indian Chambers of Commerce and Industry issued a statement in New Delhi 27th March 42, protesting against the future use of that policy. He said that the policy, while suitable to other countries is not suitable to India. Gandhi has expressed his views against it in an **Article in Harijan (22nd May 1942) He said it is ruinous, suicidal and unnecessary**".

C. THE CONGRESS AND THE SHIPPING INDUSTRY

We will trace the close political connection between the Congress and the movement for a National Shipping Industry since 1921. We have already cited the opinions of Walchand Hirachand and G.L. Mehta on the commercial bodies and industrialists being an integral part of the National movement, in Part I. The Indian National Steamship Owners' Association, Bombay, expresses the philosophy of national concerns in this way. "National Requirements and Economic Self Sufficiency which have guided the policy of all important countries after the war in recent years demand that a country having a large import and export trade

should have its own National Mercantile Marine to carry it. Moreover, it is necessary not only for building up national commerce and national industries, but it is essential for finding out outside markets for its surplus products and manufactures." (Copy of letter addressed to the Administrative Secretary to the Imperial Conference 1937, London, dated Bombay 3rd May 1937. p.4). Seth Narottam Morarjee, Chairman of the Scindia Company, at its Fifth Ordinary General Meeting on 24th October 1924 said: "India wants a separate Merchant Marine for the proper growth of her own trade and commerce and the real Protection and Development of her own Industries."

(The Indian National Steamship Owners' Association: "Revival of National Shipping and its struggles" 1940 p. 8). The Steamship Owners of Bombay have rationalised their interests into a philosophy of a National concern.

The opening ceremony of Scindia House on 23rd December. 1938, was regarded as a national event. Leading politicians have performed the launching ceremonies for the steamers specially built for the company. S.S. "Jalabala", the water virgin, was launched on 14th February 1927 by the Honourable Mr. V.J. Patel, the then President of the Indian Legislative Assembly. S.S. Jalaveera", the water warrior, was launched on 10th October 1927 by Dr. Paranjpe, then Member of the India Council in London. S.S. "Jaladuta," the water messenger, was launched by Pandit Motilal Nehru on 26th November 1927, who was then Leader of the Opposition in the Indian Legislative Assembly. The first Haj Steamer, S.S. "Madina" was launched on 22nd September 1937 by Sir Firoz Khan Noon, the then High Commissioner for India in London. S.S. "El Hind" was launched on 14th April 1938 by Sir Abdul Quadir who is a member of the Council of the Secretary of State for India. (See the brochure "Opening Ceremony of Scindia House" pp.4-5).

Sardar Vallabhbhai Patel before declaring the building (Scindia House) open addressed the gathering assuring the Scindia Company of the support and strength of the Indian National Congress and warned the British Commercial Community not to rely on the commercial safeguard, but to recognise the new spirit prevailing in the land and adjust themselves to the changed circumstances." (Ibid p.12). Bhulabhai Desai associated himself with the views of the Sardar when he spoke before unveiling the bust of Narottam Morarjee. Both Subhas Chandra Bose and Jawaharlal Nehru sent messages to the Scindia House on the opening ceremony (pp. 13-14). Walchand Hirachand, welcoming the Sardar on the same occasion as Chairman of the Scindia Steam Navigation Co. Ltd. said": "Your presence here this afternoon is a living expression of the abiding interest which the Indian National Congress has evinced in developing the industries of the country owned, controlled and managed by Indians". (p.25). The agitation that centered around the famous Haji Bill was itself a product of "the rising tide of patriotic fervour, the growing spirit of political independence and the stimulating urge of economic Nationalism." That is how Walchand Hirachand put it. (p.38).

In declaring the Scindia House open, Sardar Patel said: "The Congress is determined to find out these foreign vested interests from every nook and corner of this vast land and not leave them to enjoy their sway unchallenged." (p.53). It was Bhulabhai Desai who in 1936 laid the foundation stone of the Scindia House.

At the dinner given by the management of the Scindia Steam Navigation Co. Ltd., in honour of the Company's Patrons and the Shippers on 29th January 1940, Walchand Hirachand said:- "National Leaders Join Hands with the Indian Industrialists and extend to them their support and co-operation in the faith that the economic independence of India will lay the solid foundation of India's swaraj.

(p.1). He again referred to the support of the National Leaders to the cause of the Indian shipping on the occasion of the foundation stone laying ceremony of the Scindia Ship Yard at Vizagapatam on 21st June 1941. (See Brochure "Gandhigram" p. 93).

We will further illustrate this solidarity between the shipping Industry and Politics, this time affirmed by the Industry itself at the time of the announcement of Cripps's proposals. Mr. Shantikumar Morarjee has sent a telegram to Gandhi, Maulana Abdul Kalam Azad and Members of the Working Committee (Bombay 28th March 42) requesting them to safeguard their commercial interests and reminding them of the resolution of the Working Committee passed in April 1939 against India Limited Companies and other commercial discriminations. Walchand Hirachand in a press statement (Bombay, 31st March 42) protested in general against the proposed union and the neglect of Indian commercial Interests.

As for alliance between Industry and Politics IN GENERAL there is overwhelming evidence. The resolutions of the Congress Working Committee are a guide in this respect.

How is it that the National movement identified itself, so much, with the shipping industry in particular? Who are the leading men that control the shipping industry in India? What is their nationality? We will have occasion to discuss these questions in detail when we deal with the movement for Indian shipping. We discuss it here in brief.

Several causes contributed to this identification:

1. It is due to the prevalence of liberal spirit in the policies and administration in India especially with Montagu at the helm of affairs. Montagu regarded general industrial development of India as a legitimate national aspiration.
2. It is due to the anti-foreign character of the nationalist movement and the movement for shipping industry. Both POLITICIANS and

INDUSTRIALISTS have to continually struggle against British interests. It is easy for both these classes to rouse anti-foreign feelings, and the agitation for National Shipping afforded a first class anti-foreign common political programme. The political atmosphere of the period of 1920 intensified the existing anti-foreign feelings initiated by the Swadeshi movement of 1905-07.

3. It is due to the deft and skillful propaganda of the Scindia House. As they themselves put it; "the enterprise and national feeling of management enabled the company to mobilise public opinion (to rouse anti-foreign feelings) in support of their claim for a share for Indian shipping in India's own home waters. (Gandhigram op. cit p. 43)

4. It is due to the support of LIBERAL LEADERS like Sir P.S. Sivaswamy Aiyer in the Legislative Assembly for the cause of Indian Mercantile Marine. The Liberals, saw like Lord Irwin in 1928, that behind the main impulse of the Indian capitalists to secure profits, there is the real desire to have an Indian Mercantile Marine. The Nationalists saw this also but their anti-foreign propaganda, relegated it to a secondary place.

5. It is due to the fact that the movement for shipping industry hailed from a HOMOGENOUS GROUP in Bombay and as it has no opposition from any other quarter, the politicians easily identified with this, as it served a common political programme with an alluring anti-foreign propaganda for mass consumption.

Looking at the names of the Board of Directors of the Scindia Steam Navigation Co. Ltd., we find that almost all of them are Bombay men and mostly Gujaratis. The politicians who bless the ceremonies of this House on every occasion, are again Gujaratis, Patel and Desai, who outside Gandhi, also a Gujarati, hold a dominant place in the Congress Working Committee. This is the "constitution" of the National Concern.

We are having inner struggles in India over 'National Concerns' as we are having outer struggles over 'India Limiteds'. This has of late contributed somewhat to communal tensions in India. M.R.A. Baig gives some instances of such communal disharmony. He says:

"If you refer to Dr. Shyama Prasad Mookerjee, you will call him a Bengalee. But if you refer to Mr. Fazul Haq you automatically call him a Bengalee Muslim. Why? THEY ARE BOTH BENGALLEES, and this is even more strange since the Muslims are in a majority in Bengal and, if anything, they should be Bengalees and the Hindu, the extra. Let me give you another case. Recently a new Dewan was appointed in Cutch. A few months ago when he was in Bombay a very prominent Cutchee, very popular in Nationalist circles, called on him. The Dewan in the course of conversation stated that during his next visit to Bombay, he would like to meet some Cutchees of Bombay. A few weeks ago he came and a party was held in his honour. The Dewan found that only Hindus had been invited, and asked why that was so? His host was astonished. "But you said you wanted to meet Cutchees, you did not say Muslim". But are not the Muslims of Cutch, Cutchees? Mr. Meherally is a Cutchee and so is Mr. Jinnah. How can you blame any one thinking himself a Muslim first as long as this attitude persists. It occurs even in business relations. The Devakaran Nanji Bank is considered an "Indian" Bank. But the Habib Bank is a "Muslim" Bank. Even the Tatas, in the minds of most people, are still a "Parsee" firm. But the Birlas or Dalmias, who very probably do not employ a single non-Hindu, are "National" enterprises. This attitude that the Hindu is an Indian and the Muslim is a Muslim is more the rule than the exception and its existence is one of the prime causes of communal disharmony." ("An approach to the problem of Communal disharmony, Reprint. The Indian Journal of Social Work, Vol. IV, No.3, December 1943, pp. 5.6).

At present we see these "Communal" or separatist tendencies revealing their national forms with the rise of the mercantile and commercial classes in various regions, really nations submerged under artificial boundaries). We have already referred to this in Part I. War has intensified these rivalries. While the general movement for heavy industries is from Bombay, Bengal and Mysore, the movement for industrialisation in general is from THE NEWLY RISEN MERCANTILE CLASSES, who belong to different regions, (really nations). Of late the word 'region' is used to cover up this phenomenon. The Maharashtra University Report following the American example uses the word 'regional' to 'national'. Within nations there are regions with certain characteristics. But regions are not nations. Kathiawad is a region of Guzarat but not a nation. The Ceded Districts in Andhra is a region but not nation. Berar is a region which may form part of Maharashtra one day but it is not a nation. (See Maharashtra University Report 1942-43 pp. 10-12; For studies on regionalism see: Lucien Brocard "Regional Economy and Economic Regionalism" in 'National and World planning', 36th Annual Meeting of the Academy of Political and Social Science, July 1932; Social forces Vol. 21 May 1943 No. 4; March 1943 No.3; December 1942, No.2; Creative Demobilisation Vol. I p. 229, 231, ff) Such tendencies are increasingly manifest and they are seen in the Congress in the form of groups. The other tendencies in the unifying direction, which in realm of finances, taking the shape of monopolies are also increasingly manifest. It is these which are at the back of the movement for heavy industries. It is these that have drawn the memorandum for the economic development of India.

It is clear that nationalism is a product of rising capitalism. In India up to 1924, it has asserted the all-India character of developing capitalism. Since 1924, accentuated by the world economic crisis and the present war and with the rise of "new mercantile classes it is asserting its multi-national character, its true national forms.

D. **BURMESE NATIONALISM**

We will illustrate this pattern in the case of young Burmese nationalism. Burma was from times immemorial a separate country, in spite of its historical and cultural ties with India. Ever since Britain conquered Burma, it was annexed to India, for imperial and administrative reasons. With the growth of the national movements in India and Burma, and different administrative and imperial considerations in a different epoch, the separation of Burma became inevitable. The India Statutory Commission recommended it. It recognised Burma as a separate nation. (Indian Statutory Commission Vol. II, part VI p. 188).

The growth and the development of the separation of Burma from India is the growth and development of Burmese Nationalism. Like all national movements, it is anti-foreign, anti-British and anti-Indian. It always held the Indian to be in his way for separation. It crystalised its grievances against the Indian into a movement and appealed to the patriotic sentiments of the masses for support. Its grievances against the Indians are agrarian, political, social and religious. The British and the foreigners are not excluded from this.

The Burmese national movement is a confluence of several movements. The educated middle class intelligentsia wanted a share in the administration of the country. They conducted the agitation against the British and the Indian, the British for not conceding their demand, the Indian for monopolising the positions to himself. The rising mercantile classes found the British and the Indian in their way for a legitimate share of the trade. The Interim Report of the Rangoon Riots Enquiry Committee notes that the Indian occupational share in transport, industry and trade in excess of the proportion of the Indian to the total population of the country. (interim Report of the Riot Enquiry Committee Rangoon 1939, p. 21).

The Burman has also social grievances against the Indian; He has pictured the Indian to be a bird prey, with no stake in the country excepting for making money and returning home afterwards. In the interval he is said to contract irregular relations with Burmese women and the Inheritance Laws seem to act to the detriment of Burmese women when the Indian goes back. Religion, at all times, in cases of this type, comes to the fore and these contributed a great deal to the tensions between the Indian and the Burman, which flared up in the Rangoon riots of 1939. The riots are anti-foreign. Anti-Foreign meant "anti-Indian landowner, landworker and land financier" (Report p.12). The Land and Agriculture Committee of 1938 has already called for land alienation legislation in Burma. In Lower Burma there has been continual transfer of land from the agriculturists to the non-agriculturist. The Committee of 1938 thought that it is likely to result in a violent agitation for the ousting of the foreign owner i.e. the Indian land owner. This warning was not heeded. (Part II. Land and Agriculture Committee Land Alienation pp. 57, 8 5th May 1938 quoted in Report p.11). The riots are in no way agrarian, says the report, but dis-satisfaction at the present position of landholding and land tenure in the country was responsible in part. They are anti-Indian and anti-government.

Burmese nationalism is led by the middle class intelligentsia joined by the rising mercantile and industrial classes in alliance with the masses against the Indian and the Government. The Rangoon riots are significantly not anti-Chinese but anti-Indian. The Press and the Politician attacked the Indian. "The Sun", the "New-Light of Burma, "and "New Burma" are intensely nationalist in policy. These papers charged the Indians that they are standing in the way of separation of Burma from India. "The New Light of Burma" attributed poverty and unemployment among the Burmese to the influx of Indians into Burma. "Sun" asked for Burmanisation of services. "Saithan" wrote, "I do not

want to see the Indians in this country". The entire press is nationalist and anti-Indian.

In Burma, we find the incipient national movement led by the intelligentsia and the trading classes with support from agrarian elements and the masses. The pattern of the rise of nationalism is the same everywhere with variations here and there due to historical conditions.

V. THE MOVEMENT FOR THE HEAVY TRANSPORT INDUSTRY

A. INTRODUCTION

I. The Capitalists

The Indian Industrial Revolution is now in its third phase. It has brought out to the front the industrial oligarchy, which is waiting for an opportune moment to launch their profits for heavy industries. Their previous attempts enable us to generalise their work as one of establishing a heavy transport industry. The Tatas have their iron and steel industry well on its way. They have built the chemical industry which is essential for a modern metallurgical and other subsidiary industries. They have endowed research laboratories at Poona and Bangalore with lavish gifts. It is said that they are now on their way in building an Aviation Industry.

Walchand Hirachand has tried his hand at every-thing, from a construction agent to a shipping magnate. He has tried aviation, automobile and agricultural industries. No wonder he is called the PIONEER OF MODERN TRANSPORT. His hands are at present in two puddings, Industry and Agriculture; while the Tatas are in one industry.

The Birlas and the Dalmias are general merchant capitalists. Their attention is also divided between Industry and Agriculture. It is said that the Birlas are at work in organising an automobile industry.

Is there going to be a division of labour among these oligarchs? Will Walchand Hirachand confine himself to his shipping industry and

Walchand-Nagar?. Can he forget his attempts starting automobile and aviation industries? Would he work with the Hindusthan Aircraft Company again after the war or would he build another? If Birlas contemplate automobile industry, what will Walchand Hirachand do? Would they combine together for the formation of heavy industries?

In view of the plan these industrialists have drawn for the economic development of India, it is interesting to observe how they plan division of work among themselves eliminating competition in the initial stages, especially when they have to work AGAINST ODDS both AT HOME and ABROAD. We know that capital is a rude fellow. He is no respecter of persons. He is anti-social. It is to be seen whether there is going to be, what Barbara Wotton calls "PLAN firm by firm", whether there is going to be a planned economy among the capitalists or whether they repeat the historical process of anarchy and competition, we wait and see.

We do not possess studies of our industrialists, save of a few as we have of those in the West. Commission after commission down to the American Technical Mission pointed to the lack of INDUSTRIAL EXECUTIVES. The last Sir Jehangir Coyajee wrote: "While our labour is forging ahead in efficiency with war time training of a many - sided character and has been deserving encomium from the American Technical Mission, is the capacity and skill of our business leaders going through any similar development? (The Economic background p.62). It is not enough if one is the owner of capital. The subjective elements, JUDGEMENT, LEADERSHIP and ORGANISATION are equally important. Those who combined these in them are called 'CAPTAINS OF INDUSTRY' entrepreneurs' those who possess technical (including tactical, strategical) qualifications". The Managing Agency system reveals that with the exception of a few, the agents and directors who are largely drawn from merchant classes, lack TECHNICAL SKILL. (Bombay Industries: The Cotton Mills – a review of the progress of

the Textile Industry in Bombay from 1850 to 1926 and the present constitution, management and financial position of the spinning and weaving factories by S.M. Rutnagur. 1927. For the Agency System of Mill Management see pp. 49-65). In 1935, "Out of 175 directors of Bombay cotton Mills only 11 have technical qualifications" ("Eastern Industrialisation" op. cit. p. 256). The early failure of industries during the days of the Swadeshi Movement were partly due to this, and partly to the financial structure of the country. The American Technical Mission (1942) asked Washington for six industrial executives to act under the direction of the Government of India as advisers to war plants. It recommended to U.S.A. to loan to India AN OUTSTANDING RAILWAY ADMINISTRATOR with two EXPERT ASSISTANTS to look after the Transport System.

These deficiencies are symptomatic of the deficiencies of the industrial system in India. The owner of capital need not inhere in him the SPECIAL TECHNICAL qualifications of the industry he is engaged in. He must have imagination and judgment to make use of the existing talent, and knowledge available in the industry. He must be so sufficiently bold and not remain as the OLD SLEEPY RENTIER CLASS, timid and cautious, playing for safety, never taking initiative, never risking anything. A MERCHANT-PRINCE, a MERCHANT-SCHOLAR, MERCHANT-LEADER, such is the evolution of the modern capitalist'.

II. "THE CAPITAL"

We have repeatedly pointed to the low organic composition of capital in India. The increase in the composition of capital is dependent upon further industrialisation and in turn it is dependent on capital. We find a duql movement in the political life of India. On one hand, we threaten expropriation of foreign capital. On the other, we seek its

aid. Gandhi in his definition of 'Swadeshi' does not exclude the use of FOREIGN CAPITAL, and FOREIGN TALENT, provided it is under the Indian control. (Harijan 25th February, 1938, see also 26th March 38). The Working Committee in one of its resolutions affirmed the same idea (appeared in 'Harijan' 9th April 1938). The National Planning Committee also was of the same opinion.

History is on the side of those who distrust foreign capital. It is also on the side of those who combine prudence with political wisdom. No one fought against foreign encroachments on China, more than Sun Yat Sen and no one pleaded for international development of China by foreign capital more than he. The experience of the Lanchashire capitalist is an example. The Imperial Government could not come to his rescue. Conditions mattered in India to such an extent that the political and industrial movement ousted the Lanchashire capitalist. The long and costly agitation against Lanchashire and Manchester bore fruit only during the last decade. The movement for expropriation of capital dates from 1921, which coincided with the movement for Indian shipping, which coincided with the REVOLUTIONARY PHASE OF THE NATIONALIST movement after the last war, 1914-1918. The questions put by the members of the Mercantile Marine Committee to the witnesses reveal the extent to which this threat of the expropriation of capital worked in shaping British policy in India. The commercial safeguards and protections against commercial discriminations by the Indian against the British after a long and bitter war, found statutory expression in the Government of India Act of 1935. Walchand Hirachand asked Bhulabhai Desai to consign the charred bones of the commercial safeguards into the holy waters of the Yamuna. Bhulabhai Desai said, he would consign them in the waters of the Thames so as to permit these safeguards being reborn in this country. (Speeches delivered at the dinner given by the management of the Scindia Steam Navigation

Co. Ltd., in honour of the Company's Patrons, etc., 29th January 1940, p.3 and p.19).

We will consider the hindrances that prevented external capital from coming into the field apart from the main political considerations. The Indian Currency Committee of 1893 (Herschell Committee) advocated a stable exchange between the RUPEE and the STERLING and how instability tends to check British investments in India. (P.10, para 28). On the other hand, a long and deadly war has been waged on the fact that the currency policy of India was manipulated to the detriment of the Indian commercial interests. In 1893, Indian capital was low. The Fowler Committee stressed once again the need for attracting British capital. It says: "We have had the valuable testimony of Mr. Alfred de Nothchild (G. 11853) that British capital would be at once forthcoming if the British investor knew there was a fixed rate of exchange between the two countries." (Report of the Indian Currency Committee 1898: Fowler Committee p-74, para 36). This controversy on the question of exchange, manipulation of currency policy continued down to 1919. The Babington Smith Committee 1919 came to the opinion that the development of the Indian Industry would not be seriously hampered by a higher rate of exchange. The important point to note is that the agitation up to the end of the last war was solely centred on the QUESTION OF EXCHANGE and how it hindered inflow of foreign capital and industrial development of India.

From 1921, the hindrances to the flow of foreign capital are definitely POLITICAL. The Haji Bill is important in many ways. It signalised THE COMING OF AGE of Indian Capital. Correspondingly it signalised THE COMING OF THE MANHOOD OF INDIAN NATIONALISM. It signalised NATIONAL RECOGNITION of the birth of Indian Shipping industry. Nationalism is in an insurgent mood for action

against foreign capital. In 1925, the External Capital Committee came to this conclusion, deprecating any discriminatory action that may be taken against it.

"Discriminatory taxation would have a far wider influence in restricting the flow of future capital into India than its mere pecuniary effects. There would be the fear of future developments on the same lines as the largest amount of external capital which comes into India at present is probably the re-investment of past profits and the replacement of the depreciation of previously in-vested capital, the former would be removed and the latter neglected for a higher immediate return. Nothing could be more disastrous to the industrial development of India than measures which would scare away the external capital invested in it or prevent the local investment of its profits. The inflow of external capital is not only unobjectionable in itself, but is a valuable factor in assisting the economic development of India." (Report of the External Capital Committee 1925 p. 13). The Round Table Conferences carried this discussion finally into the Act of 1935 as "Commercial Safeguards." Today we see three features in existence: need for foreign capital on one hand, the struggle between the foreign and the Indian capital on the other and the statutory protection of the foreign interests by the Government of India Act 1935. History tells us that when political conditions mature into a revolution, it has not respected statutes, but recast them according to expediency. When such conditions lack, mere threats firstly are robbed of their significance, secondly indicate the dog in the manger policy of the Indian Capitalist and thirdly EVADE THE REAL POLITICAL STRUGGLE against uses of FOREIGN CAPITAL, Circumstances and expediency are the more important considerations in determining the attitude towards this question. REVOLUTIONS ARE NOT MADE BY INSCRIBING FORMULAS IN THE POLITICAL TEXT BOOK.

Sun Yat Sen was a superb realist. He was a progressive democrat. That is what his country needed then. When he found that Chinese capital was weak, he did not hesitate to invite foreign capital. There is one circumstance that is different in that China has a National Government when Sun Yat Sen spoke and India does not have it. He says: "In my international development scheme, I propose that the profits of this industrial development should go first to pay the interest and principal of foreign capital invested in it; second to give high wages to labour: and third to improve or extend the machinery of production." (International Development of China. P. 172. this was written in 1919). This pronouncement of Sun Yat Sen had the effect of rallying international financial opinion in favour of China.

Today political changes and revolutions are dependent a great deal on international factors. The success or failure depends on how the various forces happen to be aligned at a given moment. The State is the representative of the owners of Capital. But the historic specifications at a given time, the mobile cleavages and alignments between various class forces are important factors to be taken into account in framing a policy. We have already given the instance of Lancashire. It was left to itself when the Imperial State could not help it. Therefore, the Indian Capitalists and Politicians must take a realistic view OF THE PRESENT SITUATION in India, especially in view of American investments in India and Lease-Lend obligations besides those of U.K.

III. BANKING

When we say that capital is weak and shy this does not mean that there has been no development in the accumulation of capital. During the last five years from 1939 to 1943, there has been a development of Joint Stock Banking Companies in British India from 733 in 1938 to 1885 in 1943. The development has been mostly in Bengal, Bombay

and Madras. Bengal leads not only in the number of companies but also in the amount of capital. In 1943, 19 new Joint Stock Companies were registered with an aggregate authorised capital of Rs. 76,40,000. Of these, six are in Trading, Manufacturing and others, two in chemicals and allied trades and three in estate land and building. (Growth of Joint Stock Companies in Bengal. The Indian Trade Journal 9th Sep. 43. p. 286). A large part of the capital of 97 crores of rupees, is invested in TRADING and MANUFACTURING COMPANIES. About 30 crores are invested in BANKING, LOAN, INVESTMENT and TRUST COMPANIES, and 22 crores are invested in transit and transport companies. (See: Joint Stock Companies in British India and in the Indian States of Hyderabad, Mysore, Baroda, Gwalior, Indore, Travancore and Cochin. 1937-38. Published 1941.)

The establishment of the Reserve Bank of India removed many of the anomalies of the Banking System in India. The creation of large EXCHANGE BANK is still a need. The opening of branches in important towns is still to be desired. The Indian Central Banking Enquiry Committee reported in 1931 that "Out of 2500 towns in India Joint Stock Banks and their branches exist in less than 400 places." (Majority Report: p. 106). The many failures of the Banks in the past are memories that are not yet wiped. The incentives to savings and investments in the face of past failures have to be great, especially when ordinary shareholders have neither the knowledge nor voice in shaping policy of the company. The Industrial Corporations that the various commissions spoke of are now met by the formation of investment trusts which have remedied the defects of the financial structure to a certain extent. We have referred to them in Part I.

In his opening speech at the Bombay Branch of the Bank of Mysore on 3rd May 1944, Sir Visvesvarayya spoke of a number of

new large sized banks sponsored mostly by members of the Marwari Community that had come into existence within the past few years. He cited, among them, the Bharat Bank, the Hindustan Commercial Bank, the United Commercial Bank, the Hind Bank, the Bank of Jaipur and Hindusthan Mercantile Bank. The promoters of these banks are the foremost industrialists, Dalmias, Padampat Singhanian and Birlas.

IV. INSURANCE

We also note development of Insurance Companies. Of the 302 insurance companies, 209 are in India, 91 outside India and 2 having standing contracts with members of the Society of Lloyds. Of the 209 in India, 77 are in Bombay, 49 in Bengal and 32 in Madras Presidencies. Most of the Indian Insurers carry on LIFE INSURANCE BUSINESS only. They are 160 in number and of the remaining 49 Indian Insurers, 24 carry on life business with other insurance business and 25 carry on insurance business other than life. (The Indian Insurance Year Book 1942. p.2). While there has been development in the number of insurance companies, the distribution of the companies outside LIFE INSURANCE, is very little.

V. CAPITAL ISSUES

The control of capital issues is a feature of war economy. The object of the control is to prevent formation of unnecessary companies which may hinder war efforts. But the industrialists, particularly the medium-scale industrialists, have been protesting against these controls. The recent announcement of the relaxation of the controls did not please Birla and he expressed his opinion that no one would be forthcoming for the flotation of new companies under such restrictions. The control of capital issues, although at present it is through the Government, in which the industrialists have no confidence, the principle behind the control, is theoretically the same as the one involved in planned economy. In order to prevent swamping of the market, and the

scramble for machinery, capital, goods, etc., Which the Government wish to control. It is agreed that these controls are indirectly helping the British manufacturers to the detriment of the Indian. The answer is 'political struggle'. But if the industrialists cannot admit the principles behind the control, all the talk of the National Planning Committee and the industrialists who have drawn the plan, will be in vain. On the other hand, this is also an index to the fact that some capital is available for investments. It wished to work on its own terms without restrictions.

VI. STERLING BALANCES

The question of the use of sterling balances is also much discussed at present. It is feared that the discharge of the debt in the form of imports of machinery and capital goods, will prevent the Indians from the benefits of the open competitive system. The control of capital issues and the control of sterling balances, it is claimed, will act as a double control over Indian Industrial Development. Control is necessary. The control will no doubt act in the interests of His Majesty's government at home. What is the way out? As always, a political exposure and a political struggle. They are the only ways out.

VII. STIMULUS OF WAR

We have already discussed the relation between war and industrialisation. Whatever stimulus there is from it, it is offset by the reluctance of the industrialists to avail themselves of the opportunities because of the hazards of war. In the succeeding chapters I try to show that the Indian capitalists failed to take advantage of the situation. In spite of controls and restriction they could have made some headway in the Automobile Industry. They banked on political prospects of the Congress remaining in power. They displayed too much rentire psychology. They feared war complications in India with the imminent threat of Japanese invasion in 1942. The August resolution of the Congress played an important role in this. Now after two years of war

in the East, a change has come and the industrialists are coming back to take the position they took in 1939.

Therefore, the subjective and the objective elements of capital must be taken into account in sketching the movement for heavy transport industry. Summing up the discussion we find both the CAPITALIST and CAPITAL have gone through a developmental process, and we have to sketch the movement FOR HEAVY TRANSPORT INDUSTRY through the HISTORICAL PHASES that they have undergone. By keeping close to social causation, we will be able to illuminate our analysis with the specific factors involved in the conditioning of the problem.

B. INDIAN SHIPPING INDUSTRY

I. J.N. TATA AND THE SHIPPING INDUSTRY

Jamsetji Nussurwanji Tata was also the pioneer of shipping industry in India. He wanted to make India her own carrier to the Far East. He was "disturbed by the high freightage charged by the steamship companies for the carriage of cotton goods, yarn and opium". This was a barrier to the expansion of his cotton trade. Lack of competition among the carriers contributed to this high freightage. This was the IMMEDIATE MOTIVE of Tata in thinking of developing an Indian Mercantile Marine. While Tata was thinking of expanding the trade of his Swadeshi Mills, by means of a separate Indian Mercantile Marine, the Indian Mill Owners were not so much in sympathy with the export of Indian cotton, as it raised the price of raw material. Other motives also prevailed. He was aware of the advantages that India would derive by means of her own mercantile fleet. (F.R. Harris – "J.N. Tata, a chronicle of his life", London, 1925, p. 98). "S.R. Bomanji, one of the original members who started the Bombay Japan Line (Tata Line) tells us that other causes also induced Tata to start the line. It was the arbitrary and arrogant treatment of Indian shippers and Indian passengers by the P and O which drove the great patriot Mr. J.N. Tata to seek the help of

his Japanese friends to organize the starting of AN OPPOSITION line to free the Indo-Japanese trade from the strangling grip of the P. and O." (S.R. Bomanji "Indian Shipping" 1937, p.4.).

After unsuccessful attempts with other firms who deserted him later, he signed an agreement with Nippon Yusen Kaishe Line to run steamers of his own, and preparing to take an equal risk. He wrote to his son: "I suggest that it be called the Tata Line, so that it may serve as an incentive to our family. This is not only for the good and benefit of our firm or family, but for that of OUR COMMUNITY, WHO HAVE LOST AN OLD BUSINESS OF THEIRS. for OUR MILL INDUSTRY in which we are so heavily interested, and on which the prosperity of Bombay so much depends. After having taken so much trouble, I do not mean to retire unless forced by circumstances," (Letter Book of 1893-1894, Quoted in Harris pp. 100-101).

Tata with two ships and N.Y.K. with two ships, together with four ships, they started the opposition line against P and O. this was hailed both by the mercantile community and the India Press. The war of freights began. The reduced rate of the Tata Line was Rs. 12 per ton of 40 c. ft. The P. and O's rate was Rs. 1 ½ only. They further made the offer of carrying cotton to Japan free of charge. They even circulated rumours to the effect that 'Lindasfarne', one of the ships of the Tata Line was not sea-worthy. When protested against, they apologised. Tata wrote a pamphlet called "The War of Freights" in which he made a bitter attack against the P. and O. He wrote:

"Having been instrumental in destroying the old Indian ship owning trade, it has been unceasingly employed ever since its establishment, in raising the rates of freight, and consequently hampering facility of intercourse between India and the further East with scores of liners, English and foreign, playing in these waters, which our petted and much glorified Anglo-Indian Company can afford, and perhaps finds it good

policy to tolerate, is only jealous of a small enterprise like ours, and while it can lovingly take foreigners and possible future enemies of England to its bosom, it discards the poor Indian, for whose special benefit it proposes to have come to India and from whose pockets it draws the greater part of its subsidy." He made protests to the Government of India and the secretary of State but in vain. After two years of fight, the Tata Line ceased to exist.

WHAT ARE THE CAUSES FOR THE FAILURE OF THIS VENTURE?

1. This was a minor matter, a subsidiary line he has taken to protect the Mill Industry and incidentally he had seen in it the great possibility of a carrier industry in the East. Although the line ceased, both Tata and Bomanji held shares in the N.Y.K. for many years afterwards. Although he failed, the N.Y.K. admitted that their success was due to the earnest and energetic efforts of Tata (Harris op. cit. p. 105).

While this was a minor matter to Tata (for he did not lose much. It cost him well over a lakh of rupees) this was a major matter with P and O. The opposition of the P. and O. was not so much against the Tata Line but against the combination of an Indian and Japanese line (racial factors not unmixed in which the P. and O. saw a formidable rival, They wanted to ground this combination at any cost.

2. While the move of Tata was welcomed by the mercantile community and the Press, there was no steady public support. In the period of the crisis, his Indian friends deserted him one by one. "One by one the cotton manufacturers of Bombay withdraw their contracts from the Tata Line." (Harris op. cit. p. 104). The "mercantile atoms" were not yet organised during this period.

3. At this period 1893-94, the national MOVEMENT WAS YOUNG. The first Industries Conference came into existence only in 1905 which

dated with the birth of the Swadeshi movement. The Tata Line relied on individual efforts of creating the industry and for lack of support from the mercantile community and the national movement, it ceased to exist.

4. There was no support from the Government. Tata said: Our new steam ship service is a distinct effort in the direction desired by the Government of this country, in the direction of favouring native industries and enterprises. It was stifled at birth. It did not receive any subsidies as the P and O Line did (Harris op.cit pp. 102-03).

While he put up a stout fight against the P. and O, a Director of the P and O. wrote: "We had some passage of arms with him in bygone days which added interest to the every day routine work of agency life. The old man died before some of his greater dreams were fulfilled and his descendants will reap the benefit of his foresight." (Mr. Frank Ritchie to Mr. Lovat Fraser, 25th Feb. 1913, quoted in Harris op. cit. p. 105).

The failures of one are stepping stones to the success of others. Professor B. Mukerjee writes: "British capital has helped India in several other ways not easily realized because they do not lie on the surface. We all welcome the increasing share of Indians in our Industries. We are proud of those Indians who prosper in these lines. We are happy when they succeed. But it must be admitted that part of the reason why they succeed so well lies in the fact that the field for them had been cleared long ago by British capitalists. THE LOSSES OF PIONEER INDUSTRIALISM in this country were borne by them. The greater part of the capital which they invested did not become fully remunerative until after long years of strenuous waiting and work. Indian capital which is now for the first time financing industries has avoided all these initial costs of development. It has also escaped a good deal of such initial industrial losses. It is easier for the Indians to succeed than would have been the case if the British pioneers had not lost." (quoted in the Report of the External Capital Committee 1925 pp. 3,4).

Professor Mukerjee does not mention the LOSSES OF PIONEERING INDIAN INDUSTRIALISM. The Indian capitalists in spite of early British experience did not escape losses in the beginning of their career. The Tata Line which we have now described is one. Where Tata Line failed, the Scindia House reaped. "Mr. Walchand has carried on that flag of National Shipping which was once raised by the House of Tatas but with unfortunate results. The powerful British Companies like the P. & O. were responsible for bringing disaster to the shipping venture of the Tatas." (B.N. Karanjia in a speech delivered at the dinner given by P.D. Nanjee in honour of Walchand Hirachand, 11th January, 1940 p. 18).

II. THE INDIAN MERCANTILE MARINE COMMITTEE 1923-24

A. Shipping Industry

More than a quarter of a century has elapsed since the passing of the Tata Line and the appointment of the Indian Mercantile Marine Committee. It is precisely those circumstances which were absent during the period of 1893-94 that emerged now and led to the appointment of the INDIAN MERCANTILE COMMITTEE in 1923. What are they?

1. The first is the growing national movement which contained within itself the middle class intelligentsia; the mercantile classes, the student and the working class elements. We have already referred to the identification of the national movement with the shipping industry at this time.

It was in 1919 (27th March) that the Scindia Steam Navigation Company was founded to revive the shipping industry. The Company sailed S.S. Loyalty (5th April 1919) from Bombay to Europe with a large number of distinguished people. They bought six ships from the Palace Line and they encountered the same opposition and discrimination as the Tata Line did. In its struggle against the British India Steam Navigation Company, it was supported by the National movement.

2. Another factor which emerged during this period is the growth of Insurance Companies under the control of an Indian Board which have taken to MARINE INSURANCE. Mr. Lalubhai Samaldas, a member of the Mercantile Committee asked Lalji Naranji:

Question : I think you are the Managing Agent of one big Insurance Company?

Answer : Yes,

Question : There is another big insurance company, the New India Insurance Company under the direct control of an Indian Board. These Companies take marine insurance.

(Oral evidence of Lalji Naranji and P.F. Madon representing the Indian Merchants' Chamber, Bombay, Written Statement 23rd July 1923, Minutes p. 170)

The revival of Indian Shipping Industry in this period is no doubt due to this. Previously the Indian ships had to face discrimination in insurance quotations. The case of Linidisfarne is one. With some insurance companies under Indian control, the Indian ships do not have to fear a discriminatory war as much as they did in 1893-94, when the Indian Companies were under the control of non-Indians.

3. The public support which the Tata Line lacked is now available in the newly formed commercial organisations during this period. The evidence given by various organisations at the Mercantile Marine Committee is an index to their growth.

4. The Legislative Assembly, by discussing this question in 1922, gave wide publicity to the problem. The business motives were obscured by the national demand of an Indian Mercantile Marine. Sir P.S. Sivasamy Iyer in the Legislative Assembly on 12th Jan. 1922 said 'for the purpose of achieving our commercial independence, for the purpose of providing a new career for our youth AND THE purpose

of securing for the country some of the profits of the carrying - trade, our countrymen are anxious to try this experiment. The formation of a Mercantile Marine and the encouragement of shipbuilding can be largely assisted by Government" (quoted in Gandhigram op. cit. p.45). Sir Sivaswamy Iyer like the businessmen, has rationalised the business interests (coincident with those of the country in its results) in the garb of nationalism.

A pamphlet put up by the Indian Steamship Owners' Association writes: "This was the period during which the national demand for building up an Indian Merchant Navy owned, controlled and managed by Indians themselves began to assert itself in unmistakable language. It was leaders like Sir P.S. Sivaswami Aiyar who fought for this demand persistently and courageously in the Indian Legislature. That led to the demand of the Indian Mercantile Committee" (Revival of National Shipping and its struggles 1940. p. 12).

It was stated by one witness at the Committee that less than 12% of the coastal trade and less than 2% of the international trade was carried on in Indian bottoms. Another witness stated that approximately 90% of India's coastal trade and 98% of her export and import trade are served by ships which are owned by non-Indian Companies. (Report of the Indian Mercantile Marine Committee 1923-24 p. 19). It is clear from the Committee's report that the proportion of trade carried by Indian ships on the coast is small.

The Committee discussed the conditions which militated against the development of shipping enterprises. The British owned lines held a strong position in the trade and they stamped out competition by means of rate wars, deferred rebate system and other methods. The Committee admitted this point. Some witnesses said that it was also due to inexperience in the shipping trade and mismanagement on

the part of the promoters. (Report p. 20, See also oral evidence of Walchand Hirachand and Minutes of Evidence 1924. p. 153-54; the written statement of The Merchants' Chamber, Bombay, 23rd July 1923, p. 155. the Buyers' and Shippers' Chamber, Karachi; written-statement dated 27th August 23, pp. 272-73). The Committee reported several witnesses saying that in order to encourage Indian shipping, training facilities should be extended, and the coastal trade should be reserved for Indian ships (Report p.22, 23). The committee recommended the abolition of the open door policy laid down by the Indian Coasting Trade Act V of 1850. (Report p. 24) and said:

"We are of opinion that the provision of facilities for the training of Indian Officers and engineers alone is not sufficient to meet the requirements of the case" and as further steps they recommended "the eventual renovation of the Indian coasting trade for ships, the ownership and controlling interests in which are predominantly Indian". (p.26). They said that this would confer on them a substantial advantage and they were not in favour of state aid.

B. SHIP – BUILDING INDUSTRY

Besides the claims of the Indian shipping companies for a share in the coastal trade, other questions came for discussion at the Committee. On the question of SHIP BUILDING industry Sir Montagu Webb in a written statement dated 11th Dec. 1923 said: "the time for the creation of this is not yet ripe. When India's steel industry HAS BEEN FURTHER DEVELOPED then will COME THE TIME FOR INITIATING AN INDIAN SHIP BUILDING INDUSTRY'. (Evidence p. 279). The Marwari Association, Calcutta in a written-statement said that the ship building and marine engine construction industry is practically non-existent in India (P.353 Evidence).

The Engineering Association, Calcutta, after emphasising the absence of an industry in India engaged in the building of modern iron or steel steamships beyond "what is now in existence" stated that the Indians have not the technical and scientific knowledge which are essential for the building of modern steam ships. The industry has to be created and the way to create it is to develop and to extend the nucleus of a ship building industry which is at present in existence. The Association added frankly that direct state aid in the form of construction bounties will prove necessary if Indian builders are to construct large ocean going ships in competition with builders in other parts of the world." (Evidence quoted in Coastal Reservation Bill: A Treatise on Indian Coastal Reservation with particular bearing on proposed legislation 1928 p.26). the Bengal Chamber of Commerce also expressed the view that it will take years before such an industry could come into existence. (Evidence quoted, *ibid*, pp. 27-28). Even by the time the Coastal Reservation Bill came up for discussion in 1928, the prerequisites necessary for the BUILDING OF SHIPPING INDUSTRY were not in existence.

C. COUNTRY CRAFT INDUSTRY

We have noted that the ship building industry at this period was in an infant stage. The wooden ship building industry existed side by side. It has not been displaced. In fact during the time of the last War 1914-18, and as at present, it has revived and came to the rescue of easing the transport difficulties. The Buyers' and Shippers Chamber, Karachi, in a written-statement dated 27th Aug. 1923 said: "This Chamber believes that if the WOODEN SHIPPING and SHIP BUILDING industry is allowed to die what little volume of the coastal trade which is carried by them will fall into the hands of foreign exploiters and not only that, but the trade in small coastal ports which are inaccessible to steamers would heavily suffer. During this transition period when the country craft is not

yet displaced, conflict of interests between the country craft owners and ship-builders is inevitable. Many witnesses in their oral evidence testified to the suitability of the country craft for certain cargoes and for trade in small coastal ports. That this plea for the country craft owners should come from the Karachi Chamber is significant. The timber of the forests of Baroda and Kathiawad provides the material for this industry and in the West Coast, these owners have large lucrative trade.

A) THE ECONOMICS OF THE MOVEMENT FOR AN INDIAN MERCANTILE MARINE

We have already discussed this point in the Section Congress and Shipping Industry. In stressing this point, we are only laying bare the HISTORICAL role of capital – self and other regarding roles of early progressive capital.

The following question and answer at the Committee illustrates the dynamics of the movement:

Question : Is there any economic advantage to be gained by India having its own Mercantile Marine?

Answer : There is a very great economic advantage, India pays every year 30 crores of rupees as freight, besides there are banking and insurance charges. (Minutes p. 170).

Prof. S.N. Haji was asked: "Do you recommend it partly on the ground that large amount of the money earned by European shipping companies goes out of the country in the shape of Ocean freights?" His answer was: "This is one of the important grounds though it is not the only one". (Indian shipping Series Pamphlet No. 7, with written statement and oral evidence by S.N. Haji before the Indian Mercantile Marine Committee 1924 p. 34). Both Walchand Hirachand and S.N. Haji pointed out the attempts that have been made from 1890 to establish an Indian Mercantile Marine. They pointed out that out of 25 companies

started with an aggregate capital of 10 crores of rupees, only Scindia and one or two others remained and the rest failed. This was due to cut-throat competitions, deferred rebate system and freight wars (Oral evidence Walchand Hirachand pp. 153-54 minutes of evidence). In spite of it they wished to survive. This is the ground for their agitation for a Mercantile Marine. It is significant that with the exception of the buyers and shippers chamber, which presented the case of country craft organisation, no one presented the case of transport. It figured very little in the discussions. The Tata Line was immediately interested in saving freights for their cotton trade with the East. The Scindia Line in their early days were more for a share in the coastal trade of the country. The development of transport at this time, although it came up for discussion during the war 1914-18 was not the question that interested any one. It was a subsidiary problem. In the course of the struggles for a National Mercantile Marine, the question emerged as part of the development of transport linking up with railways, canals and ports, and as an essential Instrument of National Economic Policy.

The rate wars continued. The Indian steamship companies and the British Indian steamship companies came to agreement in 1923 by which the Indian companies secured limited concessions. Rate wars ceased. Agreed rates prevailed. Trade to the Indian Companies was confined to restricted areas. Passenger service was forbidden. By these restricted concessions the Indian companies got a breathing space for re-organisation having no longer to struggle for existence.

III. THE STRUGGLES OF THE SCINDIA HOUSE

A) 1924-1934 The Period of Stabilisation and Extension of Service

By virtue of being the biggest of the surviving firms, the Scindia House continued the movement for Indian shipping industry. The theoretical recognition of principle of the reservation of Coastal trade

for Indian shipping, by the Indian Mercantile Committee gave a POWERFUL POLITICAL stimulus to the movement. In 1926, Sir P.S. Sivaswami Iyer, reviewed the question again in the Assembly. In 1928 the famous Haji Bill secured another round of theoretical victory. It was said that this Bill provided for the first time in the history of Indian Legislature, the embodiment of constructive economic nationalism in the concrete form of a legislative proposal (Retrospect and Prospect p.4). The Indian Legislature accepted the principle of Coastal Reservation for Indian Shipping. This gave further impetus to the movement. The Company began to stabilise its position during this period. It extended its services. It was able to build three ships. It began taking men to be trained on their own ship's. Lord Irwin called a Shipping Conference at New Delhi in January 1930 which came to nothing. This period between 1930 and 1933 represented a period of economic and political crisis. The agreement of 1923 came to an end. Scindia House tried to get better terms this time. Sir Joseph Bhole, the then Commerce Member was able to secure improved terms for the Scindia House. The fleet of the company was increased to 1,00,000 gross tons. Passenger service was secured in the Bay of Bengal in conjunction with B.I.S.N. Co. "There is no doubt, however, that disappointing and halting as this agreement was when compared to the legitimate demands and aspirations of Indian shipping, it constituted an important milestone in the strenuous development of an Indian Industry." (Scindia Steam Navigation Company-a brief retrospect. In Gandhigram op. cit.p.37)

B) 1934-1939 A PERIOD OF FURTHER EXPANSION AND RATIONALISATION

The question of building up an Indian Mercantile Marine was raised in the Council of State in 1935 by Lala Jagadish Prasad. (Council of States Debates, 7th March 1935. pp. 482-501). It was during this period that the foundation stone of the Scindia House was laid on

5th Nov. 1936. It was Bulabhai Desai who laid the foundation. The difficulties of the Haji Pilgrims have been recorded in a report by a Committee appointed to enquire into the grievances. (1931). The Muslim Leaders and Port Haj Committees urged the Scindia House to start a passenger service between India and Jeddah for carrying the Muslim pilgrims to their holy places. The Scindia Company built two new boats at a cost of 50 lakhs of rupees and opened the Haj Line in 1937. With the opening of this service, rate war between Haj and Mogul Lines (the rival lines) began. The passage fare came down from Rs. 173 to Rs. 20 per head. The Scindia House lost heavily. An agitation with the support of the Muslim people was carried on. In 1938 a rate was fixed at Rs. 115 per head. This arrangement did not work and the Scindia House could not continue the service.

This defeat and severe competition with other lines led the house to adoption of a rationalisation policy. It enabled them to take over the Managing Agency of one of the biggest shipping concerns, namely, the Bombay Steam Navigation Co. Ltd., from its British Managing Agents. It led them to agitate for the establishment of a training ship for Indian Officers and Engineers. The training ship "Dufferin" for training the Indian personnel was established as a result of the agitation in Bombay. The Company's Chairman and General Manager have been on the governing body of the Training Ship.

On December 23rd 1938, the opening ceremony of the Scindia House has taken place. Sardar Patel declared it open. It coincided with the crowning achievements of the House for a score of years. In 1939 P.N. Saprú moved the following resolution in the Council of State: "That this Council recommends to the Governor General to take more active steps for the expansion and protection of the Indian Mercantile Marine." (Council of State, 23rd March 1939 pp. 736-754) The interest of the public in this question was kept up by these debates.

C) THE CAUSES OF THE SUCCESS OF THE SCINDIA HOUSE

In the previous sections we have already studied the causes that contributed to the failure of the Tata Line and those that led to the success of the Scindia House. The same causes continued to operate in a marked degree which brought in its train other factors.

1. In the case of the Tata Line, the British interests have to fight against a combination of the Japanese and Indian interests. They saw in it a danger and they were out to smash it. They smashed it. In the case of the Scindia House and other companies, the British interests have not seen a combination of different national interests. It is true there are Burmese and other companies. They did not regard them as powerful potential rivals. For this reason they showed conciliatory, liberal attitude when circumstances demanded.

2. The Scindia House, through its leader Walchand Hirachand, showed extreme realism in accepting the situation, and the concessions that they could get under the circumstances. It is not only realism of the leader, but capital in India in the early stages of its fight can win recognition and survive only as a junior partner of British capitalism. Historically, Bombay witnessed the cooperation of European and Indian businessmen. The conflict becomes open to the degree of the development of Indian capital. The two tripartite agreements of 1923 and 1933 clearly show how Scindia owed its existence to such acceptance of conciliatory spirit. In the 1933 agreement, it got a few more concessions. The acceptance of the terms as the Retrospect says was "the only alternative to virtual extinction." They admitted an Indian Company FOR THE FIRST TIME to India's Coastal Conference which had hitherto been dominated and controlled by the British combine. In this sense, it was a milestone in Scindia's progress. (p.34) It gave a breathing space for further expansion, stabilisation and rationalisation.

3. It maintained from the beginning a firm attitude towards the British concerns. With the experience of the Tata Line and the national and public support, it refused to be bought over by Inchcape. It refused to join the big companies to wipe off the small ones. By helping the small ones, it became the leader and the organiser of combined struggle against the British concerns. It also eliminated internal dissensions and thus secured a united front struggle against the common foe. It saved the Bengal Burma Steam Navigation Co. Ltd. It secured the recognition of the small steamship companies on the West Coast to 85% of a certain portion of trade on the W. Coast at the Shipping Conference of 1935 at New Delhi.

In the early days of its struggle, it has not forgotten the help of Sir Abdul Karim Jamal. In the case of the Tata Line, in its hour of crisis, one by one of the cotton merchants of Bombay deserted her. In the case of the Scindia Line, at the critical moment of its history, Jamal came to its rescue. He alone filled the ships of the Scindia Company and served them with more than a lakh of tons of rice as cargo and thus helped it in stabilising its position in Indian waters. Walchand Hirachand says: "when the history of Indian Shipping comes to be written, the name of Sir Abdul Karim Jamal will find an honourable place amongst the pioneer patrons and saviours of the company who enabled it to fight for its very existence",. (Speech on the occasion of the opening of the Scindia House, 23rd Dec. 1938 p. 29).

4. From the beginning, the Scindia House had tradition of receiving help from small concerns, and helping them in turn, in their hour of need. It has rallied Moslem opinion to its cause by opening the Haj Pilgrim service in 1937. In the rate war that followed between the Mogul Line and the Scindia House, it was able to secure the support even of some Muslim members of the Legislature.

These are the causes that led to the success of the Scindia House. Its story is a story of restricted, or retarded development, of titanic struggles against over-whelming odds with allies from small concerns and Moslem pilgrims.

D) THE WAR AND THE SHIPPING INDUSTRY 1939-44

The Shipping Industry in India could not shake off the limitations even with the opportunities afforded by the war. The controls on various industries in fact became fetters for further development. One by one the real problems of the industry came up for solution. The points raised by the Mercantile Committee concerning the pre-requisites for a ship-building industry came up for discussion. The problems of technical skill and training the personnel and capital also came up for discussion.

SHIP-BUILDING ACTIVITIES:

We will take a historical review of ship-building activities. In the beginning, like the Tata Line, the Scindia House purchased vessels for cargo services from outside. The cargo ships "Jalabala", "Jaladuta," and "Jalaveera" which were launched in 1927, were built by the well known Glasgow ship-building firm, Messrs, Lithgows. The Company has also built other vessels from time to time, 8 in all in the United Kingdom. It includes the two pilgrim ships built for the Haj service. The Company wanted to build six ships at a time. but its means were limited. It wanted to take advantage of the Trade facilities Act of Great Britain. Under this Act, facilities are given exceeding £.20 millions for building ships in Gt. Britain, not only to the British Shipping Companies, but also to foreign companies. Such help is denied to India. Mr. Narottam sad.:

"I regret to say that although the Trade Facilities Committee could see their way to help foreigners to build steamers in England, the Treasury had no money to give to the Indian Company for the purpose of building steamers which would have given employment to people in

the English Ship-building Yards.” (quoted in ‘Revival of National Shipping and its Struggles.’ 1940. p. 14).

The Scindia House and the allied concerns with their limited fleet, needed a yard for repairs and modernisation. The need was felt as early as 1935. After prolonged negotiations they were able to secure a Yard at Vizagapatam. The foundation stone laying ceremony of the yard has taken place on 21st June 1941. It took nearly 20 years for a ship-building yard to come into existence, while the agitation for an Indian Mercantile Marine continued since 1921. Admiral Fitzharbet said “Now thank goodness we have got one yard started. I have had a great fight for it.”

CAPITAL:

From out-right purchase of ships, to placing of orders with a foreign firm, from placing of orders to out-right construction of ships in the country, and the need for the establishment of a ship-building yard these stages of evolution, also indicate the growth of capital sunk in the shipping industry. Commensurate with the ambitions of the company, the means are limited. Outside the company, the growth of capital has not been phenomenal. In 1925 there was still the need for development of banking organisation and credit facilities. (External Capital Committee 1925, p. 21) The growth of Joint Stock Companies between 1938-44, do not indicate the increase of proportion of capital invested in either shipping industry or in transport in general.

INSURANCE:

We have already discussed that it was Indian Insurance business which has taken to Marine Insurance, under the control of an Indian Board that enabled the revival of shipping. Things have changed since then. In 1938, the Scindia Steam Navigation Co. Ltd. said:

“Reference has been made to the discrimination employed against Indian-owned ships by foreign insurance companies. The strong fight

that the scindia company put up in this connection ultimately resulted in the total removal of that artificial mark of inferiority which the foreign interests used to put on Indian Shipping Enterprise. The Scindia company, moreover, has fought and overcome discrimination against Indian shipping which practically operated against it in that central agency of world shipping, the Baltic exchange in London. Its London Branch has now been recognized as an active member of that exclusive Corporation." (Retrospect and a Prospect. op. cit. p.8).

In spite of the growth of Indian Insurance business during the last few years, those that have taken to MARINE INSURANCE are few.

In these objective elements there has been a limited growth and development. The Scindia House showed the best development in its subjective elements – Leadership, Judgment and Organisation.

THE PRESENT GRIEVANCES OF THE SHIPPING INDUSTRY

1. Shipping Industry is not regarded as part of War Effort.

The shipping industry during this period found a consistent friend and sympathiser in Admiral Fitzherbet. In Aug. 1940, he said:

"It was obvious to me and I think to a great many other people that the sooner a ship building industry is started the better for India. Such an industry to be successful needs courage, enterprise and forethought. That all these are present in India is a fact that cannot be denied."

The Admiral emphasised the subjective elements. The difficulty is with the objective elements among which we have to consider the whole of the State in India. The Government of India is not so enthusiastic as the Admiral. On 29th Nov. 1940, in the Council of State, Sir Alan Lloyd announced, "Government are not proposing to encourage actively the merchant ship – building industry in India as part of their war effort." This was a blow to the Indian shipping industry.

DISCRIMINATION IN FAVOUR OF BRITISH SHIPS:

2. The Government of India, under the Defence of India Act, commandeered 24 ships of the small Indian Mercantile Marine for defence and transport at the out-break of the war. The Indian shipping companies contended that the European ships were not commandeered. They regard this as discrimination in favour of the British ships. This discrimination is also seen between the ships on the Indian register controlled by Indian interests, and the ships on the Indian Register but controlled by British interests like the Mogul Line. By the notifications of Sept. 1940 the movements of the Indian ships are controlled. They are deprived of freedom to fix the rates of freight and fares. The ships on the British Register have no such restrictions. The Mogul Line also has perfect freedom. The Government of India issued a communiqué on 19th Dec. 40, denying that they have favoured British to Indian Shipping. They said that the Government of India has no control over ships on the British Register. S.N. Morarj at the 35th Ordinary General Meeting of British Steam Navigation Company, Ltd., Said:

“It is the ships on the British Register however which dominate the coastal trade of India. The Notifications do not control the movements of these ships. They control the movements of the ships on the Indian Register. This is discrimination number one.”

“I challenge any one to point out to me from the text of the Notification whether the movement of these ships (on the Indian Register but controlled by British Interests) are controlled. This is discrimination number two.”

Due to the agitation put up by the Indian Shipping Companies the notification concerning the fixing of rates has been cancelled. But they did not abandon the right to exercise control over freights.

One of the consequences of discrimination is, the Scindia Navigation Company has been driven out of participation in the

pilgrim traffic (Haj service). The controls acted unfavourably on the Scindia Company while they favoured the Mogul Line. These controls ACTUALLY INTENSIFIED THE RIVALRY between the Mogul and the Scindia Lines in the form of rate wars until Scindia withdrew from the service after severe financial losses. The Government said that it has to control THE FREIGHTS AND RATES in the interests of the CONSUMER. The Chairman of the Scindia Steam Navigation Co. Ltd., said that in the name of protecting the consumer by controlling rates and fares the Government has actually raised the fares by 13% and also promised the Mogul Line to give them a subsidy. He further said that it is "unwarranted, unjustd, and unnatural treatment."

The agitation against discrimination of Indian shipping continued. Then freight rates were raised for Konkan traffic, the Government of India made enquiry, but in the case of the Mogul Line, they did not, they even encouraged it and subsidised the company. While the Government showed solicitude for Haji, Hedaj Pilgrims, the Indian ship owners contended that the Government did not show similar solicitude for the traveling public to the Konkan State. What the Free Press Editorial referred to as the 'U Rate Menace', UNFAIR RATES, undirected rates and uneconomic rates continued (Wednesday 23rd Oct. 40).

The Indian Shipping Companies also fought against THE APPOINTMENT OF EUROPEAN SHIPPING CONTROL OFFICERS. Both in 1939 and 1940 European Officers were appointed. They wanted an Indian also to be appointed. The agitation bore fruit. A Joint Indian Shipping Control Officer is now appointed (J.P. Mehta). It was stated that the appointment was a gesture and nothing more than that (4th Sept. 43 – Commerce p. 338) at present.

Another source of grievance and a point for agitation is the policy of requisitioning the ships without compensation.

IDENTIFICATION OF INDIAN SHIPPING AS PART OF BRITISH SHIPPING

3. Indian shipping is regarded as part of Empire Shipping. P.N. Saprú in the Council of State said: "It was emphasized by Lord Irwin that an Indian Mercantile Marine means the gradual replacement of British tonnage by Indian tonnage." (Council of State Debates, 23rd March 1939, p. 737) It is this that is feared by the Government, and at their back when they say that Indian Shipping is part of Empire Shipping. The Imperial Shipping Committee in 1939 appealed to the British interests for cooperation to enable Indian Shipping to realise its aspirations. The Indian Ship Owners demand that India's bargaining power as a unit in the Empire must not be exploited for British Shipping but must be used for the promotion of Indian Shipping.

IV. COUNTRY CRAFT INDUSTRY (1939-44)

From the beginning the Indian Shipping Industry was able to avoid internal jealousies. The achievement of the United Front of the Indian Shipping Industry under the Leadership of the Scindia House is indeed a unique event. The Scindia House has to contend against Railways and country craft carriers, in addition to British interests. They are not at present so very much affected by the Railways or the country craft.

Like in the last war, the difficulties of transport, the difficulty of obtaining shipping space, the need to ease congestion of traffic both on the railways and the steam ships led to the encouragement and development of the country craft industry. On the basis of the Somley Committee recommendations the Government decided to recognise certain country craft owners to do the carrying trade. This was resented as giving a monopoly to a few big owners and unfair to the small country craft owners. It was feared that this would displace many brokers, muccadams and other shipping agents. Anyhow, this has given a fillip

to the organisation of the country craft and led to the differentiation into big and small among the country craft owners. The War Transport Department set up an organisation in 1943 attached to the controller of Indian Shipping. It has recognised about 20 agents. In 1942, there were 5000 crafts on West Coast. A hundred of them were lost during the storm of May 1943. In 1942-43 season, 247 new crafts with a capacity of about 17,500 tons were built on the West Coast (Commerce 6th May 44).

The development of companies promoting combined Rail and Shipping service is another feature especially on the West Coast between Bombay-Karachi. Some new companies have been started. The revolution in Transport has not displaced the old industries. They at present co-exist side by side.

V. THE ROYAL INDIAN NAVY

It is a fact that Government sponsored enterprises, or those of foreign monopolies, have not attracted the attention of the businessman or the politician except when they run counter to their interests. Ranade, although he characterised the Indian Railway in 1892, as mostly foreign monopolies, did not fail to take interest in them. It is the same case with the Army. Now and then questions of recruitment, as in the time of opposition to war, of composition of the army and its general well - being as at the time of the Mesopotamian muddle were raised but no general interest in the Army is taken except in sharing the glories of our soldiers. It is the same case with the Navy. They are regarded as of Imperial concern. No doubt they are at present in the hands of the Government, but nevertheless they are Indian. Every Indian should be proud of the Indian Army and Navy, although he has no share in the policy of organising and controlling them.

We cite an example of the attitude of an Indian businessman towards the Navy:

"it may be true, as the Admiral has said, that today ships of the Royal Indian Navy are actively engaged in waters far removed from the actual coasts of this sub-continent. But can he say with confidence that the so-called Indian Navy will be able to protect India and her harbours if a couple of battle ships were to attack them? Will it be possible for her, with her present naval strength even to secure control over the Indian Ocean – not to say anything about retaining such control in the face of active enemy aggression? We are aware of the unhealthy propaganda carried out in certain quarters to bolster up the activities of small yards controlled by British interests as an achievement and programme of building ships in Indian yards by Indians, with Indian materials. Can any of these yards build a big ocean-going steamer? Some of them no doubt are building Corbettes, Trawlers, Patrol Launches and other smaller craft, but no ship building yard exists in this country which can build either large merchant vessels or large ships of war." (M.A Master "Control of Shipping and Shipbuilding in India." Nov. 1942 p.7) Mr. Master was evidently referring to Sir Fitz-Herbert's speech at Madras, 17th Oct. 1942. The Admiral referred also to the fact that propelling machinery for some of the new ships was for the first time made in India. This is nothing for Mr. Master. His tone is entirely belittling. Mr. Master forgets that everything has its beginnings. The Scindia House itself grew out of such small beginnings. A navy does not come into full-fledged existence to meet the aggression of battleships. It grows. It takes years before it attains its full stature. Mr. Master could not forget the foundation of the ship building yard at Vizagapatam on 21st June 1941 and no one would expect it to be a full-fledged ship-building yard in the course of a year or two, with all the propaganda of the Scindia House. This does not mean approval of the policy of the Government.

If there are shortcomings there must be a political exposure of them and an agitation for their removal. But Mr. Master belittled the whole thing. We have already discussed the "critique of development" in Part I and how we have to estimate British rule in India.

Mr. Master has said this two years ago. Since then, the Royal Indian Navy has undergone some more development. The revived Indian shipping industry is 25 years old. The Royal Indian Navy is only 10 years old. During the last four years of the war, it has contributed to war efforts to the extent that its development operational activities extend to widely separated parts of the Indian Ocean. Expansion has taken place in the personnel of the ships and training facilities. Active programme of shipbuilding has begun only in 1940, a year before the foundation of the shipbuilding yard at Vizagapatam. Some sloops were launched in the United Kingdom. Since the construction takes place in U.K. there are no incentives for a real first class ship-building yard in India. Those that are here, as Mr. Master himself described, are those that are of the nature of workshops of a special type. A feature of India's present day Navy is the large and increasing number of Indian Officers who are in command of H.M.I. ships. As to shore establishments a feature of the year has been the increased training facilities provided. A new initial training center, a gunnery school, an Anti-Submarine School have been started. (India's part in the fourth year of War. Pp. 3-8).

Like the Indian Army, the Indian Navy is a part of His Majesty's Forces in India. During the time of the Cripps visit, when the question of the Army came up for discussion, this fact was presented. All these years the agitation for Indianisation of the Army ran on a differing footing. The central point whether they should be regarded as part of His Majesty's Forces or as Forces of the Government of India, is missed. The political policy of the Government of India is a hindrance in this respect. This

is a matter of politics. We continue to agitate and yet take pride in the achievements of our officers in the Royal Indian Navy.

VII CONCLUSION

The Present Disabilities of the Shipping Industry:

The agreement that came to an end in 1939, was extended to a further period on account of the war and Walchand's visit to London did not bring any results; The history of the development of Indian shipping industry, as Morarjee said, is full of rate wars and consequent struggles which the industry has to face and the sacrifices which it has to undergo. The disabilities are still there. Today they can be summed up as:

1. The political policy of the Government of India, especially now in not treating it as part of war industry.
2. how capitalisation.
3. Want of technical skill and machine tools.
4. War controls

If capital is forthcoming, provided the politics of the Government do not come in the way, the problem of technical skill can be managed. The other technical prerequisites, a large iron and an engineering industry are present, though not fully developed.

THE DUFFERIN CADETS: The Scindia House has now by virtue of the Dufferin training ship a large technical staff available at hand. It has a mercantile fleet of its own, of no mean dimensions. It has become a powerful combine to resist foreign interests by virtue of its leadership over the other firms. By virtue of an agreement, with the Port Trust officials the men cannot accept jobs outside, without the leave of Scindia. It is said that there are now vacancies in the Port Trust where the Scindia's men could fill them, but they are not permitted to do so. Mr. K.S. Captain, master Mariner, and Hon. Secretary of the Dufferin Old Cadet's Association says:

"My association, as a body of serving officers, are aware of the necessity of keeping merchant ships adequately manned; but we cannot submit to a position whereby highly qualified Indian Officers are held back by Indian Ship Owners in subordinate posts, in order to create a large pool of surplus officers and thereby place themselves in a better bargaining position" (quoted in Morning Standard, 18th May 1944).

The Editorial of the Morning Standard writes:

"Out of 35 Indian Officers who have obtained their Master's tickets after a thorough training on the Dufferin, not one has so far been given command of a Scindia Ship. This is not merely the suppression of Indian Maritime talent but lowers it in the estimation of the Shipping World".

The question is now under discussion. Walchand Hirachand has replied to the statements made by the Dufferin Old Cadet's Association. He said 'as a matter of fact we are today short by two officers in our fleet even after employing 12 officers with Home Trade Tickets who are not employed in foreign going ships in normal times It is quite wrong to say that there is any pool of surplus officers with the company and that the company is not allowing its officers to better their prospects. How is it possible under the circumstances to release any officer if the ships are to be run?' With reference to the point that not one of the 35 who have obtained their Master's tickets, has been given command of a Scindia Ship, he said that only experienced men were given command of a ship and that mere possession of a Master's ticket is not enough for getting such a responsible post. (Bombay Chronicle 27th May 1944).

The Navy and the Marine: The question of the relation between the Navy and the Mercantile Marine is an important one. In the early days of the Indian Shipping Industry, in launching "Jalabala" on 14th February 1927 V.J. Patel observed: "The merchant fleet and the Naval fleet are sisters and always exist side by side. One cannot do without the other." In one of his annual speeches before the Company, Mr. Narottam

Morarjee said: "India wants a separate Merchant Marine (among other things) for building up the nucleus of an Indian Navy of the future for protecting and defending her people both on sea and shore." (quoted in Revival of National Shipping p.13). In India we find the shipping industry developing in the hands of the Industrialists out of struggles with British interests, plus the political policy of the Government of India. We find the Navy developing in the hands of His Majesty's Government in U.K. and the Government of India. The development is not coordinated or complementary. What Mr. Master ought to have pointed out is, that since the ship-building yard has been launched at Vizagapatam, the construction of the R.I.N. Ships should take place in India and not in England. This is politics. Industry is politics. An agitation on this issue is the only way out. The ship building industry proper must be distinguished from shipping industry in general (mercantile marine). In times of war, the mercantile marine is easily converted into a fighting naval unit as is done in U.K. and other countries. In India, it has not yet come to such a stage. Patel himself observed that to have a Navy before a mercantile marine is to put the cart before the horse. It must be realised that the modern-ship building industry proper can be said to begin with the foundation of the Yard at Vizagapatam. The war has intercepted the work. Political factors at present complicate the relation between the Navy and the Mercantile Marine.

In 1892 Ranade said 'Our shipping is not ours'. Today with the revived Indian shipping the Scindia House is instrumental in securing a limited mercantile fleet. Today the House can say that "some shipping is ours." In a statement issued to the press on 24th Dec. 1942 G.L. Mehta said:

"Indians do not desire to start ship-building on the Clyde, steel works in Sheffield and textile mills in Lancashire as measures of reciprocating for similar rights extended to non-Indians in India. All that

the Indians demand is that they should have the first place in their own country and primary control over the natural resources and the vital industries in their own land..."

C. THE AUTOMOBILE INDUSTRY

I. The Proposals

The movement for the starting of an Automobile industry dates from 1935. From the beginning, it was closely linked with the social needs of transport. Both subjectively and objectively, the promoters have a case which the government turned down for no definite reason. The way the question has been studied and the way the proposals have been made are admirable. Both Walchand Hirachand and Sir M. Visvesvarayya have taken special care in making the proposals as intelligible as possible and with meticulous precision. As usual with Visvesvarayya, his correspondence with the Government of India on this question since 1936 to 1942 reveals clarity and brings out an unanswerable case for the early establishment of this industry.

The basic iron and steel industries necessary for the Automobile industry have by 1935 come up to a standard that can tolerably supply the necessities for this industry. As the motor transport is no longer a luxury, the early establishment of this industry, writes Visvesvarayya, has become a prime necessity. (Letter dated Bombay 20th April 1937, from Sir M. Visvesvarayya to the Private Secretary to H.E. the Viceroy in Indian Automobile Factory Scheme Government of India's Obstructive Attitude by Sir M. Visvesvarayya, 1942 p-14). It is a valuable addition to the country's industrial activities. It will facilitate the manufacture of aeroplane engines and parts and other war material. It will be a source of income and profit to the people in times of peace and an element of strength to Government in time of war. This is how Visvesvarayya put it. (Letter dated Bombay 31st May 1939 from Visvesvarayya to the Private Secretary to H.E. the Viceroy in the Indian Automobile Factory

Scheme, p.19). Earlier in 1936 he wrote that it will help promote business to the value of about Rs. 3 crore in this country. Transport would be cheapened, manufacturing skill in the people promoted and unemployment reduced. (Extract from the pamphlet published in 1936 in the scheme. op. cit. p. 46, see also *Proposals for an Automobile Factory in Bombay*. April 1936 – a pamphlet. Preface iii and vi; Visvesvarayya's note 1936 p. 30, 34). It will bring into existence groups of subsidiary industries. It will be an invaluable aid to defence.

From the beginning, the proposal for the starting of the automobile industry had encountered strong opposition. In his address to the Mysore Chamber of Commerce, Visvesvarayya referred to this continued opposition. The promoters assured the Government that they would even place the industry for war purposes. Visvesvarayya indicated his disinterestedness in this matter. He wrote: "So far as I am concerned, I have always regarded the automobile as a basic industry of vast importance next only to steel and no work done by me in connection with it was for personal benefit as distinguished from public interest." (Letter dated Bombay 9th Feb. 1942 from Sir M. Visvesvarayya to the Private Secretary to H.E. the Viceroy. No. 35 in the Scheme op. cit. p.43).

The need for the promotion of this industry has also been voiced by non-Indians. Walchand Hirachand in his letter to Karl Winterton, 8th August 41, writes: "His Excellency Lt. General C.J.E. Auchinleck remarked to me while on a visit to the Bangalore Aircraft Manufacturing Factory that he wished that my ship building industry were in existence two years before." (Establishment of an Automobile Industry in India – correspondence between Walchand Hirachand and others 1941). Walchand appealed to Winterton. Winterton in turn wrote to Amery. In his letter to Amery, he mentioned that he heard rumours to the effect that some Government departments were 'endeavouring to' put the

brake on Indian Industrial production for war purposes. (Letter to W. Hirachand from Winterton, 8th May 1941. Winterton enclosed his letter to Amery along with this letter; see correspondence op. cit.) Amery denied this. "I am sure there is no foundation for the suggestion that the Ministers here are putting the break on the independent initiative of certain Indian firms who wish to manufacture munitions" (Amery's letter to Winterton 1st May'41 correspondence op. cit.). In the same letter he writes: "The effect upon our own trade interests after the war may well be unfortunate, but that cannot be helped if it assists the war effort." (in Memorandum No.22 dated 25th Nov 1940 giving three years programme of manufacture). That the promotion of the automobile industry will have an adverse effect on British trade interests is admitted by Amery. A gracious admission but he prevented it from coming into existence by saying that it does not assist war effort. At one time it was expected, that post-war interests of British industry are likely to suffer. Guy Locock, a member of the Roger Mission and director of the Federation of British Industries, said that they are not likely to suffer so greatly. This was a relief to the British trading interests. Winterton's reference to the rumour was not quite unfounded. Mr. Montagu, Under- secretary to the Ministry of Air Craft assured Mr. Silverman in the House of Commons (25th Dec. 41) that no political or imperial consideration would be allowed to interfere with the production of war supplies in India. A wise remark. But the benefit of this is not reaped by India, when the Government of India declared that the promotion of the automobile industry is not likely to be of assistance to war effort.

The fact that the government of India gave different reasons at different times for turning down the project indicates that they have no definite reason except that the industry be not allowed to grow during the war in India. This can be inferred from the fact that when the promoters opened negotiations with the government of Britain in

April 1941 who was willing to help, the Government of India interfered and discouraged its establishment on the ground that the starting of the factory would impede war effort. This is on the testimony of Sir M. Visvesvarayya. He writes: "The unusual character of this interference first led to a protest by Sir Mirza M. Ismail, Dewan of that state, and later to his resignation of his high office The Government of India deny that they interfered with the discretion of the Mysore government but I am personally aware that on behalf of the Government of India letters were written by their representative advising the Dewan of that state to agree to the abandonment of the Scheme" (Scheme op. cit. p.4, Letter No. 21.)

It is this firmness of not allowing the Industry to grow during war that the Government expressed equivocally in different reasons at different times till they put a closing dogmatic stamp on it saying that it is not likely to help war effort. They allowed foreign firms to erect assembly plants in India, but they will not permit the promoters to establish manufacturing plants on their own account and risk.

When American interests were allowed to install an assembling plant in Sind there was hue and cry in the commercial and political circles. Nehru feared the intrusion of American interests. He thought the British were influenced by U.S.A. To a question raised in the House of Commons by a labour member, Amery replied: "The purpose of this (the plant which the United States are to establish and operate in India on Lease Lend basis) is solely to enable supplies from America to ourselves and Russia to be effectively used and the manufacture of trucks as distinct from their assembly is not in view. This did not satisfy the commercial circles. The Government of India issued a communiqué denying the fears. It was explained that the American plants are supplies sent to the Government of India and U.S.S.R on Lease-Lend basis. One of the reasons advanced by the Government of India in turning

down the proposal, is that what the promoters are going to establish, is an assembly plant. Both Walchand Hirachand and Visvesvarayya explained clearly that it is not an assembly plant they want to establish, but that in the initial stages, no manufacturer could dispense with the phase of assembling and that manufacturing will proceed side by side in such proportions that they finally cease assembling imported parts. They further stressed that even finished expert manufactures cannot dispense with it, as it is part of the production of the industry.

“We never stated we were starting an assembly plant” wrote Visvesvarayya. “Assembling in the first year or two is a subsidiary effort, a by-product so to say at the construction stage. It is the usual way a new factory is started in a new country and it is done to give experience and practice to the staff and work people while construction is going on and the factory getting ready. Assembling is also a source of income in the initial stages but that is not the principal consideration” (Letter dated Bombay 27th August 1941 from Sir M. Visvesvarayya to the private secretary to H.E. The Viceroy, No. 21 in Scheme op. cit. pp. 33-34).

The Chrysler Export Corporation wrote to W. Hirachand 26th November 1940. “We would urge you to stress that this project looks towards establishing of a real Motor Car and Motor Truck manufacturing plant and not merely an assembly as has intimated.”(Memorandum No.22 dated 25th November 1940 giving three years programme of manufacture. See also Walchand’s letter to the Secretary, Commerce Department 7th January 1941, Ibid p.2).

The further reasons given by the Government of India (about six in all see. Scheme op cit. p.7) and the answers given by the promoters are too well known and too recent to be detailed. The most important thing to discuss is the real reason behind the firmness of the Government in turning down the proposal.

ii. The question of the rivalry between American and British interests and its mix up with the Indian interests.

The Government of India in its communiqué of 16th December 1940 said: The only private scheme which has been put before Government contemplates the collaboration of Indian interests and American manufacturers in a plan which is confined to the Assembly of imported semi-manufactured parts. "(Government and Automobile Industry Government of India's communique examined statement by Sir M. Visvesvarayya, p.7) The phrase "Collaboration of Indian interest and American manufacturers" is important. This is significant when we remember the Anglo-American conflicts in the pacific and the Far East before the Japanese aggression of U.S.A. The Government of India's communiqué of 30th January 42 again said "the details of the contract entered into by the promoters with the American Company were not placed before the public and the prospective share holders". The American company was referred to again in this communiqué.

Here it must be recorded that our industrialists on account of their association with British rule in India, fail to make a distinction between the British governing class and the British people, between the British capitalists in general and those who have influence over the state in England and Empire. Nationalism coupled with racial prejudices tend to blur these distinctions. Hence we find industrialists preferring to have trade connections with Japan, Germany, U.S.A. and now U.S.S.R. From the beginning there is an exaggerated preference for Japan and Germany, next comes U.S.A. in preference. Of late a few look to U.S.S.R This is not to deny that there have not been any trade connections with the British. The British businessmen are equally suspicious and jealous of the deals of the Indians with other firms than theirs. In this background, the reference in the communiqué of

the Government of India to the “collaboration of Indian interests and American manufacturers” is significant.

Visvesvarayya in his letter to the Commerce Member of the Government of India dated 12th July 1940 wrote:

“within the past few days the matter has advanced a further stage by the conclusion of an agreement between the promoters of the industry represented by Mr. Walchand Hirachand of Bombay and the Chrysler Corporation of Detroit, U.S.A. A copy of the agreement is attached. The agreement was worked out with the assistance of Mr. P.B. Advani, Director of Industries, of Bombay, whose services had been lent for the purpose to the promoters by the Government of Bombay” (Scheme op. cit. p. 24 Letter No.14).

From this letter it is clear that a copy of the agreement has been sent as early as 1940, but communiqué of the Government of India in 1942 says, it has no knowledge of the details. This indicates that possibly, the Government did not like the Indian promoters seek the help of American producers. There should be no cause for such feeling. In the same letter Visvesvarayya wrote “we are also in communication with a leading British firm in regard to similar co-operation and help for installing suitable machinery and plant for the manufacture of separate low power car”.

The promoters sought the help of both American and British interests, although the major deal was with the Americans.

It must be noted that the Anglo-American rivalry came to an end after U.S.A's entry into war. The Burma Road which was closed was opened again signalling the Anglo-American collaboration in the Far East. Previously, it was the conflict of interests that led to the closing of the road without any regard to China's needs. This reversal of policy, the real need of military alliance between U.K. and U.S.A considerations of the cause of the United Nations and lease-land obligations led the

Government of India to allow the import of manufactured automobile parts to be assembled in India for use here and dispatch to U.S.S.R. and the Far East.

In India itself there is cause for friction between Anglo-American business. The American investments in India between 1936-40 have fast grown. In 1936 the total American investments amounted to 29 millions, in 1939 to 33, in 1940 to 49 millions. In four years it increased by 20 millions, of these 49 million in 1940, 18 or 19 millions are invested in petroleum companies; 12 or 13 millions in small manufacturing enterprises such as automobile accessories and tyres; 4 Million in assembly plants particularly automobile and 4 millions in mining. Compared to the British investments/in India, these represent a small figure.

The entry of U.S.A. into war, and Anglo-American collaboration, and the reversal of former British policy towards U.S.A explains to a certain degree why the Government of India gave different reasons at different times. This is illustrated in the case of the use of cars by the Army. The standard Army preferences was for Chevrolet and Ford. It was not really the preference of the Army but the wish of Amery. He was of the opinion that there should be of no innovations in the Army. But under Lease-Lend policy, the Army began to receive Dodge Trucks (Ironically Chrysler Corporation's product with whom the Indian businessmen entered into a deal).

Nehru in his reply to the communiqué of the Government said. "My information was that certain important automobile interests in America disapproved of the development of an Indian automobile Industry, who can they be? The Indian businessmen at first approached Ford. Walchand Hirachand tried to reach an agreement with him. But he could not, as that firm insisted on their owning 51% of capital control. He then negotiated with Chrysler Corporation and obtained favourable

terms (Letter to Arthur Moore 11th August 41 establishment of an Automobile Industry in India correspondence 1941) At this time, the Army specification was for Fords and Chevrolets. The conflict between the Ford and the Chrysler coincided with the conflict between the businessmen and the Government of India. But after USA's entry into the war, Chrysler products also are bought by the Government of India. While it is true that there is rivalry between several automobile firms in U.S.A. it is not known which group put pressure on the Government of India in turning down the proposals for the starting of an automobile industry. It is quite possible that the move might have come from Britain.

The promoters are as skillful and experienced in the game of enterprise as the ruling circles. Sir M. Visvesvarayya writes: "Some of the smaller manufacturing firms in U.S.A. which are being pushed out of business by the larger ones geared to mass production, are likely to consent to transfer their plant and services to India. But as co-operation with small firms has disadvantage inherent in them, it should be sought only if the larger firms fail to respond". (Note on proposals for an Automobile Factory Bombay 16th April 1936. p. 16). The promoters sought Ford first, then Chrysler. Chrysler is by no means a small firm. The promoters are conscious of the rivalry between the big and small, when they choose Chrysler, some other injured interests might have brought pressure on the Government of India. But the Government of India will not bow to any pressure unless it accords with its own interests.

The conflict of interests between the big and small automobile manufacturers in U.S.A. and U.K. and the pressure of certain groups on the Government of India, in not allowing the development of an Indian Industry, the conflict between Anglo and American interests, (now their collaboration interests), the conflict between the British and the Indian

interests – it is in this tangle that the proposals of the promoters got buried.

III. Subsequent history of the agitation for the Automobile Industry.

The American Technical Mission:

Hopes were raised that with the coming of the Mission, certain development would take place favourable to Indian Industrial expansion, with the threat of Japanese aggression on the eastern border and in the period of the Military disaster in the East, the Anglo-American strategy both political and industrial – concentrated itself on the immediate problem of mobilising the resource of the country for defence. It is with this purpose that the Mission was sent to India. It made a snappy report from this angle without any regard for the cherished aspirations of the Indian Industrialists. The Mission recommended that for the present the Government should confine themselves to repair works and not to construction work. This recommendation was made purely from the standpoint of immediate military needs and strategy. This was a blow to the promoters. The Government of India knowing the problem better than the Mission outside the range of immediacy, should have allowed and encouraged the industry as the case of the industry as put out by Sir Visvesvarayya is unanswerable.

The Last Bolt by Sir A. Ramaswamy Mudaliar

Much was expected from the Council expansion. Sir Sivaswamy Iyer pitched high hopes in it, we saw what happened. Ramaswamy Mudaliar outdid the Government in his indefensible speech at Madras on July 18th 1942. The European member's speech (F.F.James) in the Legislative Assembly on the Auto-Air-Shipping industry, was much more reasonable than Sir Ramaswami's (Legislative Assembly Debate, 16th Nov. 1940 p. 625). His speech was not that of a Commerce member

but that of a partisan. He advanced four reasons showing why he turned down the proposals of the promoters.

1. He said that the promoters did not publish the prospectus of agreement with Chrysler. We have already referred to this point. Visvesvarayya sent a copy of the agreement with a personal letter to the Commerce member on 12th July 1940.
2. He said that the proposal is for an assembling plant. We have referred to this already, we cited the letters of Visvesvarayya, Walchand Hirachand and the Chrysler Corporation. In reply Visvesvarayya said "A letter dated Jan. 7, 1941 addressed by the promoters to the Government of India, Commerce Department distinctly stated" that the plant would be an assembling plant only for the first seven months while the factory buildings were being erected and within the next three years 60% of the parts of vehicles will be of Indian origin".
3. He said that the proposal was vague and nebulous. Whatever the Commerce member might say, he cannot say this, as the proposals were made with the precision of an engineer. The proposals are worked out by the experts and any layman who reads the documents can see how crystal clear they are. In an enclosure to the above letter, a clear statement prepared by the engineers of the Chrysler Corporation showing the programme of manufacture and the parts to be manufactured from year to year was submitted. This disposes of the allegation, writes Visvesvarayya, that the proposal was nebulous.
4. He said that the guarantee asked for was too heavy. In fact the Bombay Government agreed to offer guarantee provided the Central Government would not lower the existing duties on motor vehicles for a term of ten years and that a rebate would be granted on the duty paid on an imported special parts used in the manufacture of automobiles. It was the Central Government in its reply of 12th May 1939 that

turned down the proposals saying that it was impossible to give the guarantees desired. These requests for guarantees are the usual pleas for protection that are generally made by any industry before a Tariff Board.

Such was the speech of Ramaswami. It was well replied by Visvesvarayya. The war on the eastern border of India put off the question for the present.

IV. What should the Promoters have Done?

The circumstances under which the agitation for the automobile industry was carried were different from those carried on for the shipping industry. The question was supported both in the Legislative Assembly and the Council of State (Council of State debates Vol. I No. 7 p. 244-245). The press also rose to the occasion (press comments on the Automobile Industry published by the Hindustan Construction Company). It had no fanfare of the national movement, as the shipping industry had, save an occasional rejoinder from Nehru. The movement was young. Much time was lost in negotiations. By the time it reached a deadlock, the war in the Far East and U.S.A.'s entry into the war complicated the issue. It is precisely at the time when the national agitation could begin, things had gone wrong. The usual refrain, "Our leaders are in jail and we cannot do any thing" became a slogan. It became an alternative for action. We have learnt this from our Government.

Between 1935 and 1942, the matter was solely kept alive by Visvesvarayya, now and then supported by the press and the Legislatures. It is fortunate that the movement has the financier in Walchand and the Technical theoretician in Visvesvarayya. Of late, there has been a revival of the movement. It is said that the Birlas are contemplating the establishment of a factory for the manufacture of Motor cars. What is the change in the circumstances that permitted this

revival and undertaking of the manufacture of the industry by another firm? In answering this question, we understand why the movement stopped in 1942.

The threatened expansion of the Japanese New Order into India did not take place, with the conquest of Burma. The hurry and the bustle associated with the coming of Cripps, the American Mission, and Johnson's visit was all over; A return to normalcy has been progressively established during the past year and half signalled by the offensive for the reconquest of Burma and the reorganisation of the disposition of forces in the East under S.E.A. command. In the early days of the bustle materials poured in under lease-land Act, and the Chatfield plan, the Roger plan and other plans were busily worked for the supply of munitions. These political and military factors led to the suspension of the movement for the automobiles industry in 1942. With the return to normalcy, coincides the revival of the movement which we note in Birla's contemplated project and in Walchand's reference to it in his comments on the relaxation of the control of capital issues. It is now understood that the Government have sanctioned the issue of capital for an indigenous automobile industry sponsored by the Birlas. The scheme contemplates the manufacture of motor cars trucks and other automobiles in India (Calcutta June 9th, 44 Hindu 10th June, 44). A Bombay message states that the Government of India have given their consent for capital issue for Walchand Hirachand's automobile manufacturing Industry (Hindu 16th June 44).

The economic factors were equally important which weighed heavily on the promoters towards the end of 1942. Prudence dictated to the industrialists that in such uncertain times, with the oppositions of the Government, with talks of scorched earth policy in the air, to proceed with the project is uneconomic. Even if they decided to start the industry on their own risk and responsibility they did not want to make

a present of it to the scorched each enthusiast. Such was the panic in those days, which was reflected even in the Federation of Chambers of Indian Commerce and Industry.

With the calm that succeeded the political and Military bustle of those days, what should the promoters have done? In fact even before Cripps left, it became clear that there was not much danger of India being attacked by the Japanese. Was this not an opportunity for the promoters to go ahead with their proposals? Perhaps the "scorched earth" ghost still haunted them. In the correspondence between Visvesvarayya and the Government, we find that the Government stated at one stage in the negotiations, that when the industry gets started, they would consider it on its merits in the manner of a Tariff Board. With production in U.K. and U.S.A. not yet matched to the needs of the several theatres of war, at such a stage, as the promoters themselves said, they could have started the industry at their own risk. Having started the industry, the agitation for the recognition of the industry should have been made and by this time some definite shape would have taken place of the automobile industry. The question of capital was never in the issue as the Bombay Government, in the early stage, was satisfied with the newly created firm of management. For these reasons the promoters ought to have started it in the teeth of opposition, as long as the Defence of India Act is not invoked.

Perhaps there was a political reason, the eagerly expected return of the Congress ministries did not take place. Cripps offer was rejected. The August movement precipitated a political dead lock and this dampened the promoters, for whatever help they looked forward to receive from the Congress Ministries. Perhaps there are weightier and other reasons which prevented the promoters to go ahead with their plan.

With the return to normalcy how is it that another firm is said to contemplate starting the Industry? Is it the same as the original firm". The public are in the dark. In these days of planning is there going to be a division of labour, as circumstances of colonial capital demand, or anarchy?

A company is now registered in the name of Premier Automobiles hold with an authorised capital of ten crores of rupees. The chairman is Walchand Hirachand.

D. THE AIR PLANE INDUSTRY

The Air Plane Industry is the youngest of India's Industries. It is still in the throes of a national birth. A proposal for setting up an Air Craft factory in India without any Government loan was placed before the Government at the very commencement of the war (October 1939), provided the Government were prepared to purchase a small number of air craft in this country. In the Council of State on 21st Nov. 1940, a resolution on the construction of Aircraft and Automobiles was moved by Pandit Kunzru. The resolution was:

"That this Council recommends to the Governor General in Council to take immediate steps to provide for the construction of an aircraft and an automobiles factory in India". (Council of State Debates 21st Nov. 1940 pp 62-83.)

As usual these debates served publicity purpose, Nothing tangible came out of it. An Article in the "New Statesmen" in London at about this time received much publicity in India. It was cited both in the Legislative Assembly and the Council of State. The article states that it is believed that the Ministry of Air Craft production was a stubborn obstacle to the manufacture of aircraft in India. (Council of State Debates op. cit. p.64).

Walchand had a hand in this Industry too. The founding of the Hindustan Aircraft Ltd held high hopes. The Government of India, the Government of Mysore and Walchand Hirachand had shares in it. With the war situation complications arose and the Government had now taken charge of the company. The shares of Walchand were purchased. The Government of Mysore retained its shares, but waived its control over them till the duration of the war. It is now more an assembling, repairing workshop than a manufacturing one. The first air plane assembled at this factory was recently flown.

It is now believed that the Tata & Sons are engaged in the building of an air plane factory. The requisites for an air plane industry are now more or less sufficient excepting technical skill and special machine tools. The aluminum industry is now fast developing which is essential for an air plane industry. The government workshops now command new plants, new processes, newly acquired skill created out of war needs which can be utilised by the industries after the war. J.R.D. Tata's speech at the Rotary Club looks hopeful and the youngest industry to find the latest patron in Tata is also encouraging.

With the creation of the factory at Bangalore, problems of technical training presented itself. A school at Ambala was opened for the training of wireless operators and signallers.

The need for the Air Plane Industry, apart from war needs, is great. Speedy transport is an important need. The need for commercial and civil aviation is equally urgent. Many companies have been started. During the war they faced severe competition. The Tatas have opened lines in India for passenger and mail services. Some of the services are now suspended.

The Post-War Reconstruction Plans of the Government recently announced indicate their desire to build aerodromes in most important places to develop civil aviation in India. It is to be seen how it is going to

work. Would the Government encourage an aviation industry in India as they are now the locomotive manufacturing industry, or will they satisfy themselves with the work at the factory in Bangalore? The proposed plans are dependent a great deal on an independent manufacturing industry in India. Otherwise imports of plants and machinery cannot be avoided. Will not the urgent war needs compel the Government to reconsider their attitude towards the Industry?

After the war, the present conflicts between the Imperial air-ways concern, the independent European Companies, the Tata Line, and the Government owned factory, come up again in an intensified form. How the Post-War Reconstruction plans are going to tackle this problem, is yet to be seen.

A dual development of industries is to be traced in India - of those under private enterprise, and of those under Government control. Those under Government control are mostly mobilised for war purposes. The many technical and other advances made in the industries are not known widely to the public, partly because public security demands withholding of information and partly because of the apathy of the public in Government enterprises. The Indian Air Force, the Royal Indian Navy, the Army, the Munitions workshops are those that come under this category. In view of the people's war, and the role these bodies play, it is essential that public should know more about them, and take more interest for the better prosecution of the war.

E. CONCLUSIONS

We have sketched the movement for the Heavy Transport Industry as briefly as we can, we have traced the objective and subjective elements associated with the movement historically. Industrialisation is the slogan of the hour. It comes today to a standstill because of the political policy of the Government of India and the weakness of capital itself. The accumulation of capital in India is not commensurate with its

industrial aspiration. There has been an increase in the accumulation but it is not sufficiently strong to play an independent role. The dropping of the Automobile project in 1942 is an instance. The strength of the industrial movement is also an index to the strength of the political movement. While the movement for heavy industries comes to a halt, there has been an increase in the small industries. This has been evidenced both by the last and the present wars. This increase is characterised by severe internal struggles and failures. We have drawn attention to these facts already in part I.

The debate on industrialisation is carried on in the Legislatures. Pandit Kunzru moved the following resolution.

"That this Council recommends to the Governor General in Council to review the Industrial development of the country and to formulate a plan taking into account post war conditions as far as practicable to fill up the lacunae in the existing industrial system and to bring about a comprehensive and co-ordinated industrial development of the country". This resolution slightly amended, was accepted (Council of State Debates Vol I 1941 2nd April p. 584). In the course of the debate we find for the first time a statement on the committees of post-war reconstruction.: (Council of State Debate Vol. II No.3 4th May 1943 pp 72-73.)

In the Legislative Assembly the debate was on the Auto-Air and Shipping industry. The "New Statesman" article figured a great deal in the discussions (Legislative Assembly Debates. The Indian Finance (No.2 VIII) 15th Nov. 40. p. 625).: "Three fundamental things are still lacking in India's war economy: Motor engines, tanks, construction of Ocean going shipping and air craft manufactures. The Government explained the usual difficulties of obtaining the requisite material and other things. The industrialists are dependent on the Government. The

way out is found in post war reconstruction plans and planning. This indeed is the social genesis of these movement."

The Government found away out in the Post-War Reconstruction plans. Mr John Sargeant, Educational Adviser to the Government of India said recently: "My experience in India has shown me that a report is only too often an alternative to action". By virtue of the resolutions in the Assembly and the Council and also as part of the world reconstruction movement, we got the post-war reconstruction plans. Meanwhile the points concerning the agitation for heavy industries get buried and lost in the reports.

The Industrialists found the way out in planning. Planning with the big Industrialists is a plea for Industrianisation. It is significant that only the big Industrialists have drawn the plan. The small Industrialists wish to emerge out of internal struggles and failures to an assured place in the national economy. This is the basis of their support for the planning. With the big ones, it is a question of biding for time.

To crown this all, the political movement is at a standstill.

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Dr. K.B. Krishna (1906-1948) was born in Intur, near Nidubrolu of Guntur District, Andhra Pradesh. He was educated at London School of Economics and Political Science and at Harvard University, U.S.A. He was awarded Ph.D. for his thesis on 'The Problem of Minorities or Communal Representation in India' in 1937. A prominent Marxist scholar and one of the pioneers who applied Marx's method as a tool of analysis to study the distinct and contradictory trends in Indian society. It is astounding to note the breadth of his knowledge and the range of subjects that he had dealt with includes Indian History, Philosophy, Economics, Politics and studies on Imperialism, Revolutions and National liberation movements.

Dr. Krishna "a brilliant scholar, committed to social advancement, a valiant fighter against imperialism and a steadfast champion of the working class" died in 1948 after languishing in the then British jails.

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